

Outlook for U.S. Livestock and Poultry in 2006

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USDA Agricultural Outlook Forum

Washington, D.C.

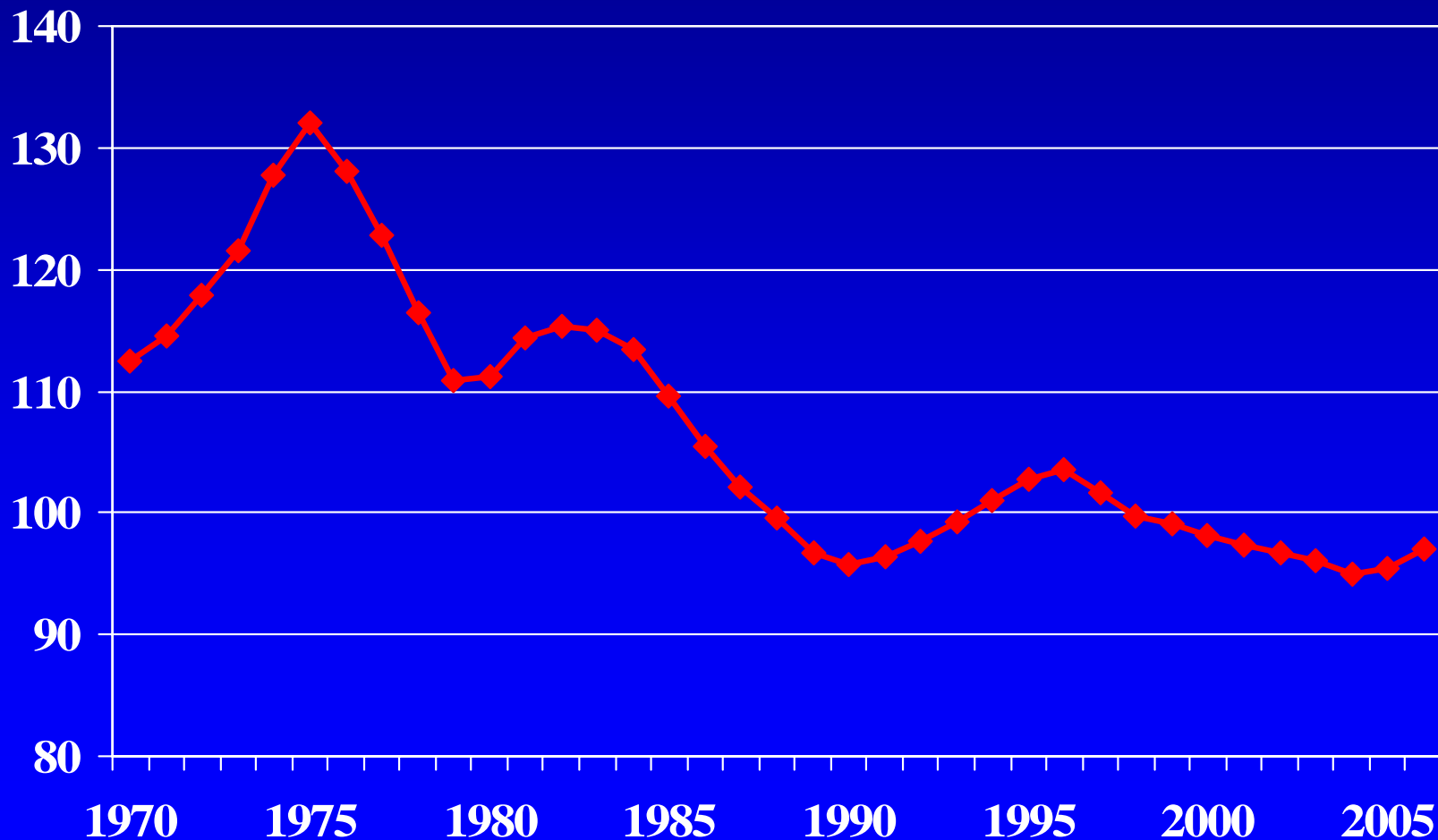
February 17, 2006

Key Factors Influencing Livestock and Poultry in 2006

- **Firm economic growth in U.S. and world**
- **High energy and interest costs**
- **Appreciating, albeit slowly, U.S. dollar**
- **Little change in feed costs this year**
- **Cow areas turned dry**
- **Diseases affect meat export markets**
- **Domestic meat supplies will be large**

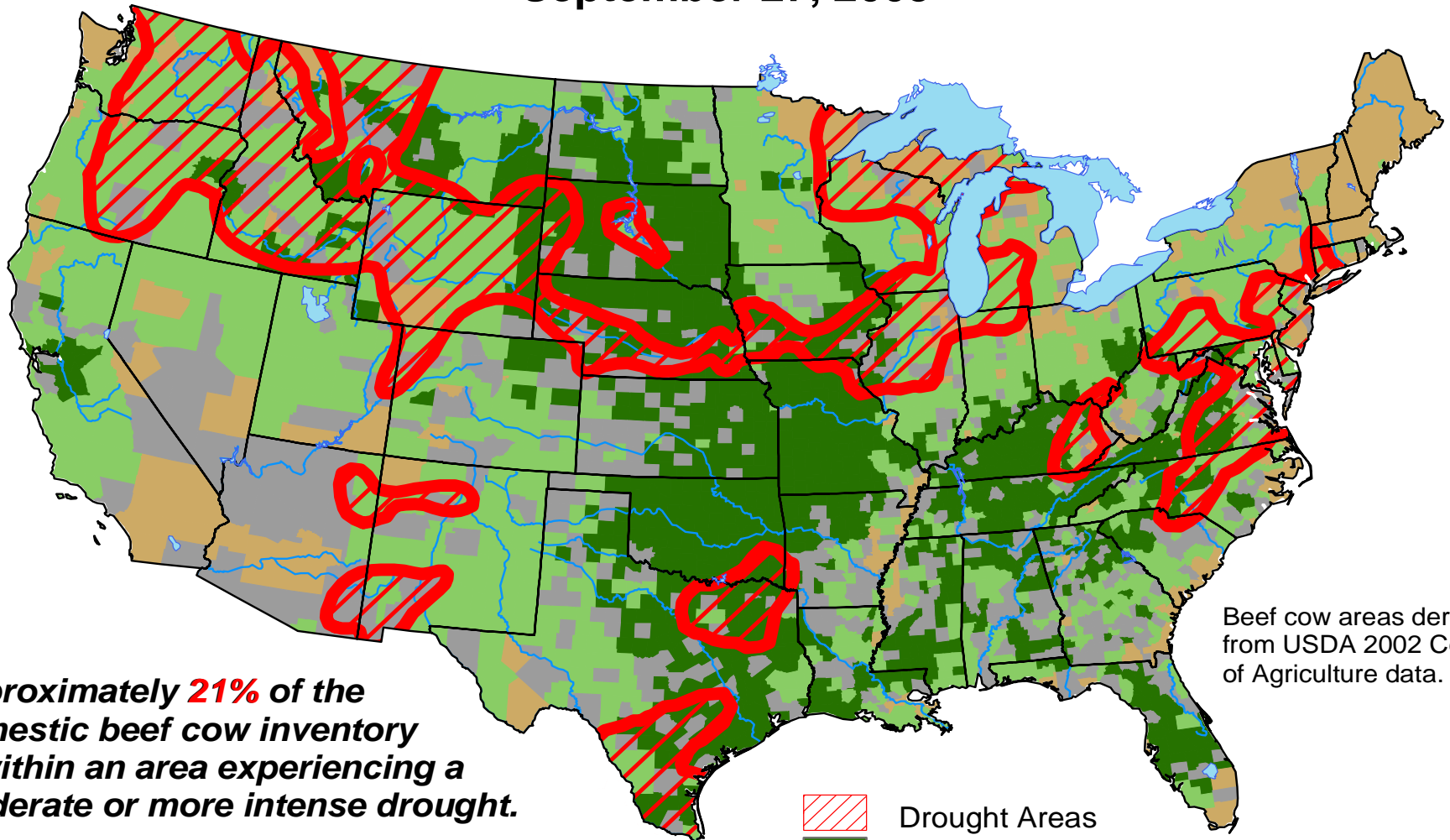
Cattle Inventory Rises for Second Year, January 1 Inventory at 97.1 Million Head

Million Head



U.S. Beef Cow Areas Experiencing Drought

September 27, 2005



Beef cow areas derived from USDA 2002 Census of Agriculture data.

Approximately 21% of the domestic beef cow inventory is within an area experiencing a moderate or more intense drought.

Note: Drought areas are derived from the U.S. Drought Monitor product (<http://www.drought.unl.edu/dm/monitor.html>), and do not depict the intensity of drought in any particular location. This map is not used for USDA programs.



Drought Areas



Major Beef Cow Areas



Minor Beef Cow Areas

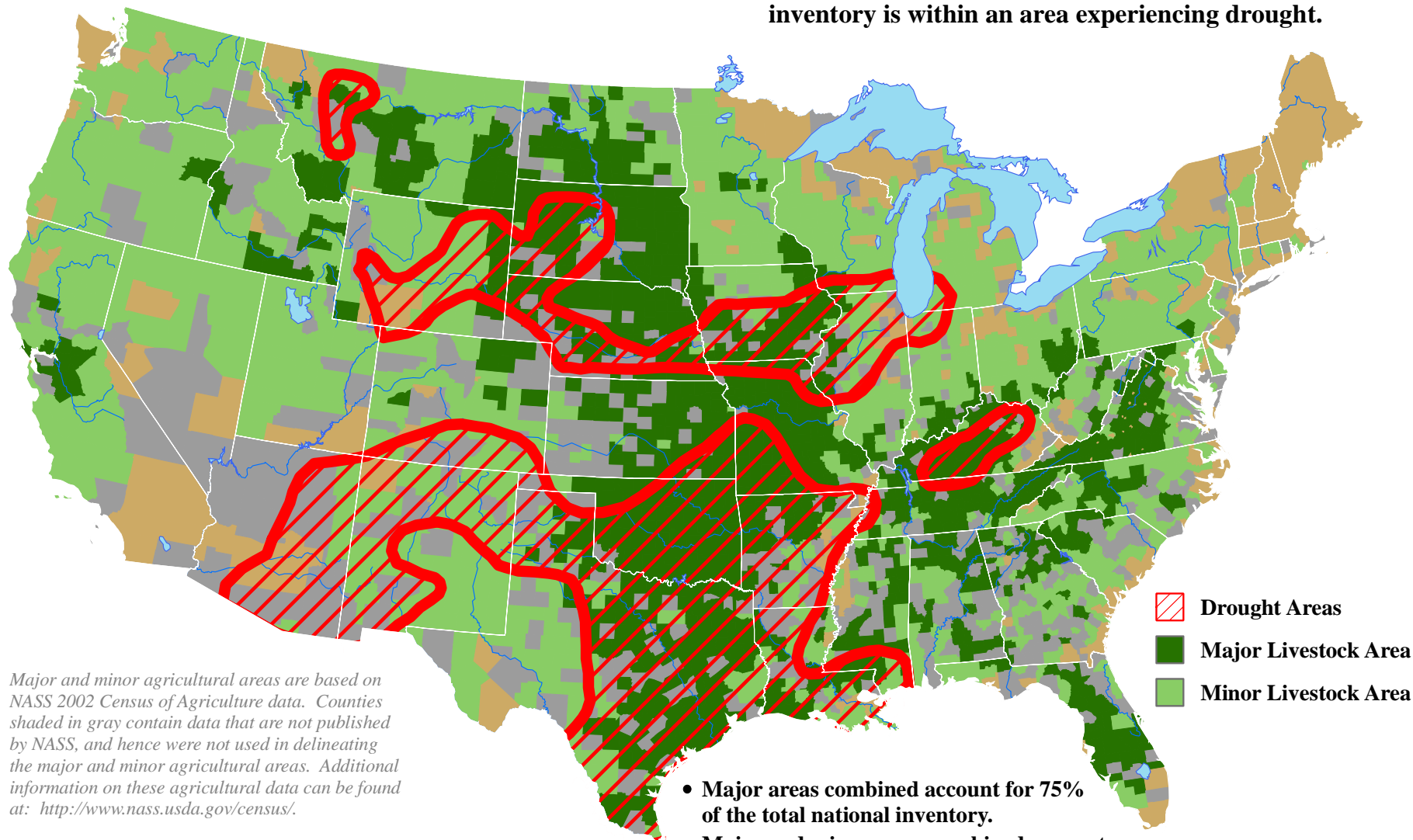


World Agricultural Outlook Board

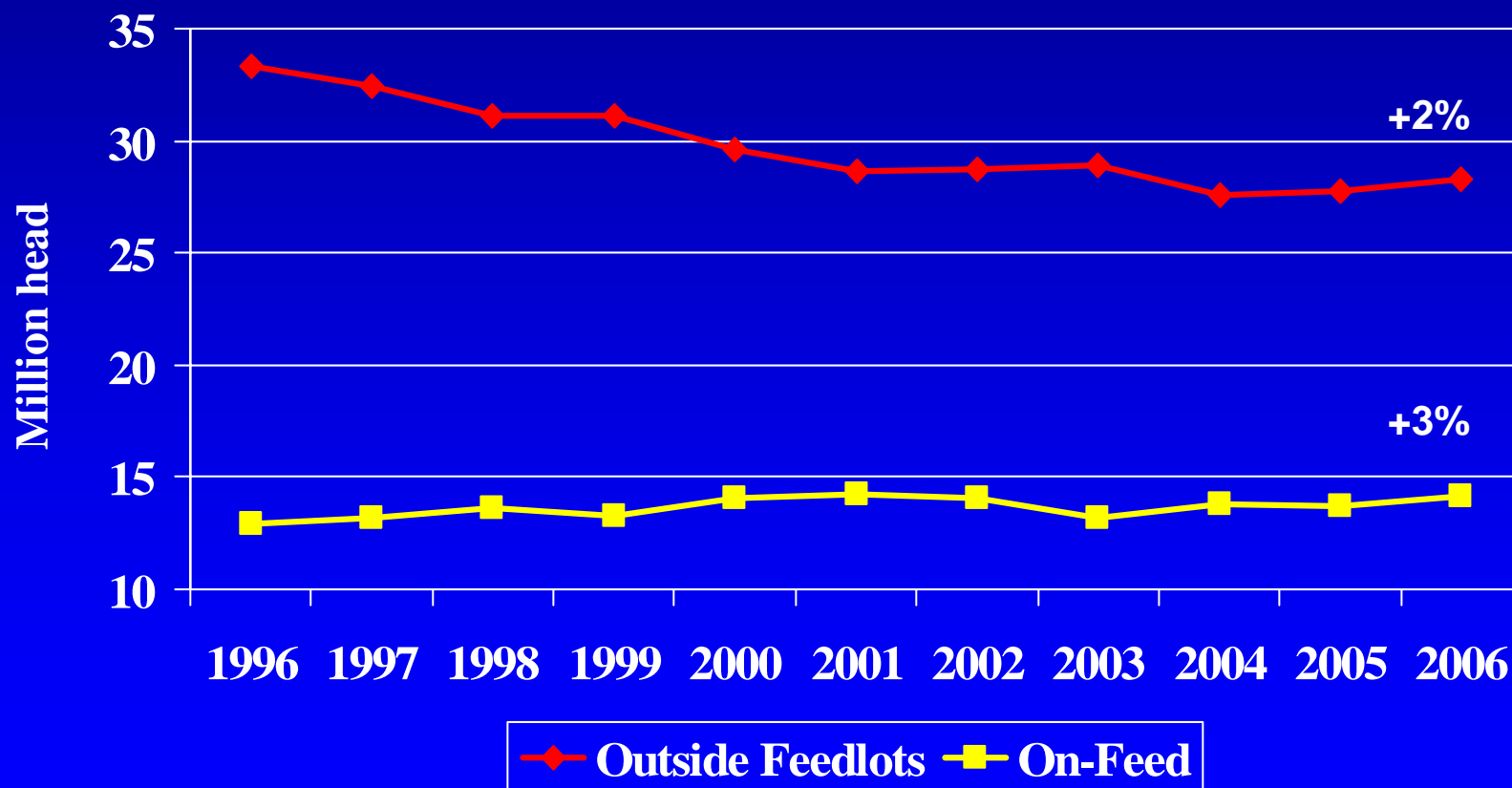
U.S. Beef Cow Areas Experiencing Drought

Valid: January 24, 2006

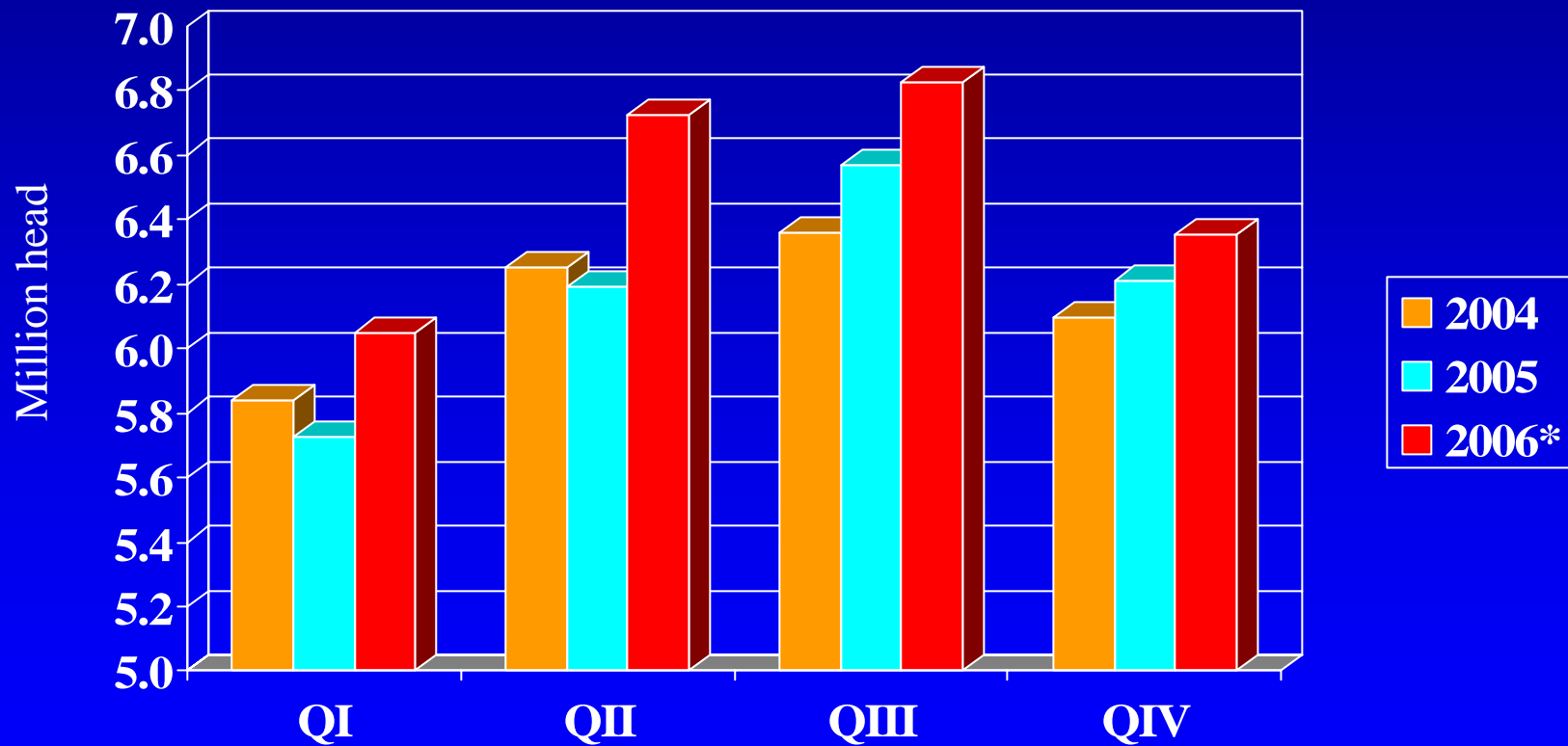
Approximately **42%** of the domestic beef cow inventory is within an area experiencing drought.



Cattle On Feed Up On January 1 Higher, Supplies Outside Feedlots Also Up

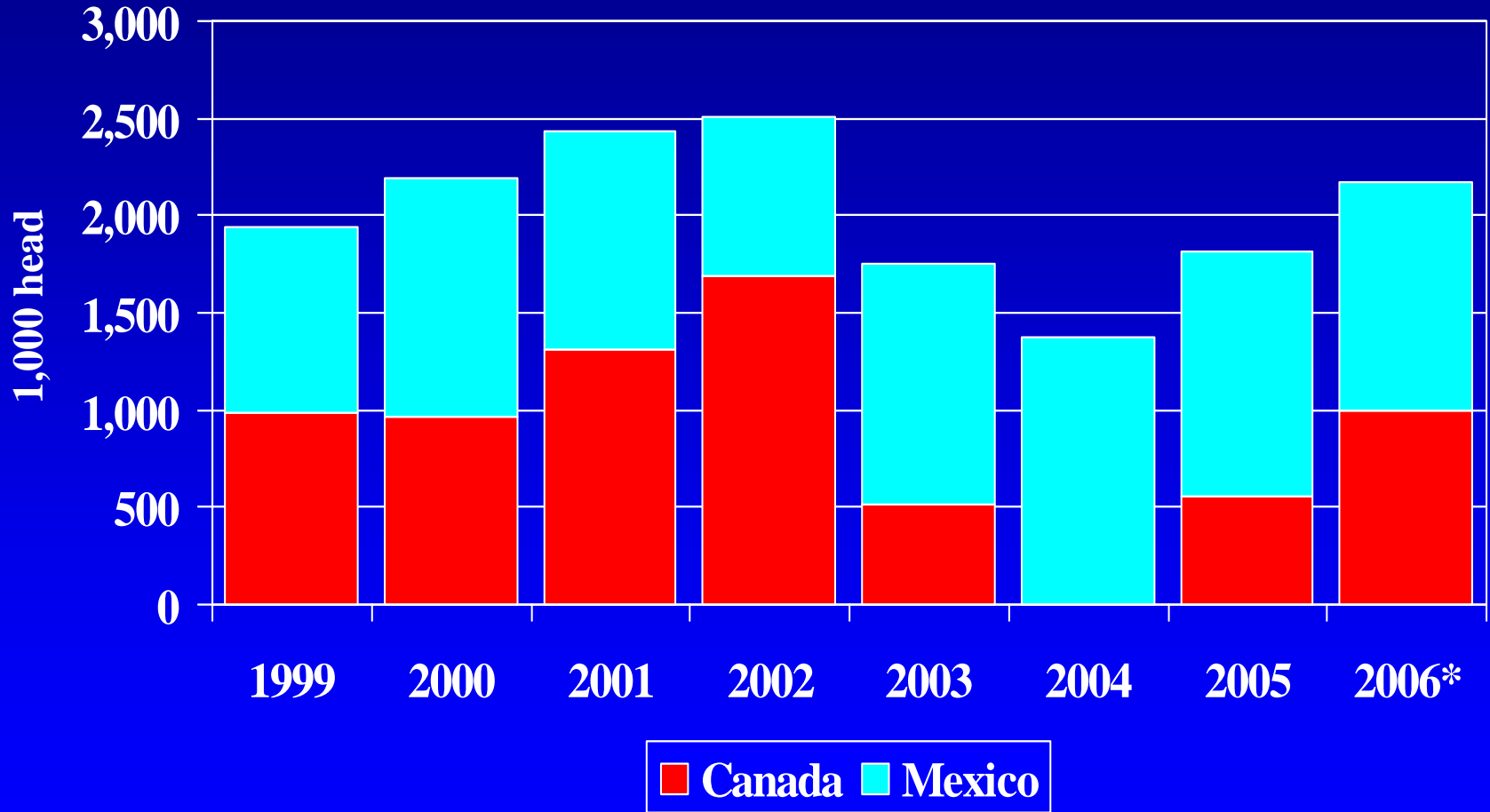


Beef Output Rises 5 Percent to Nearly 26 Billion Pounds



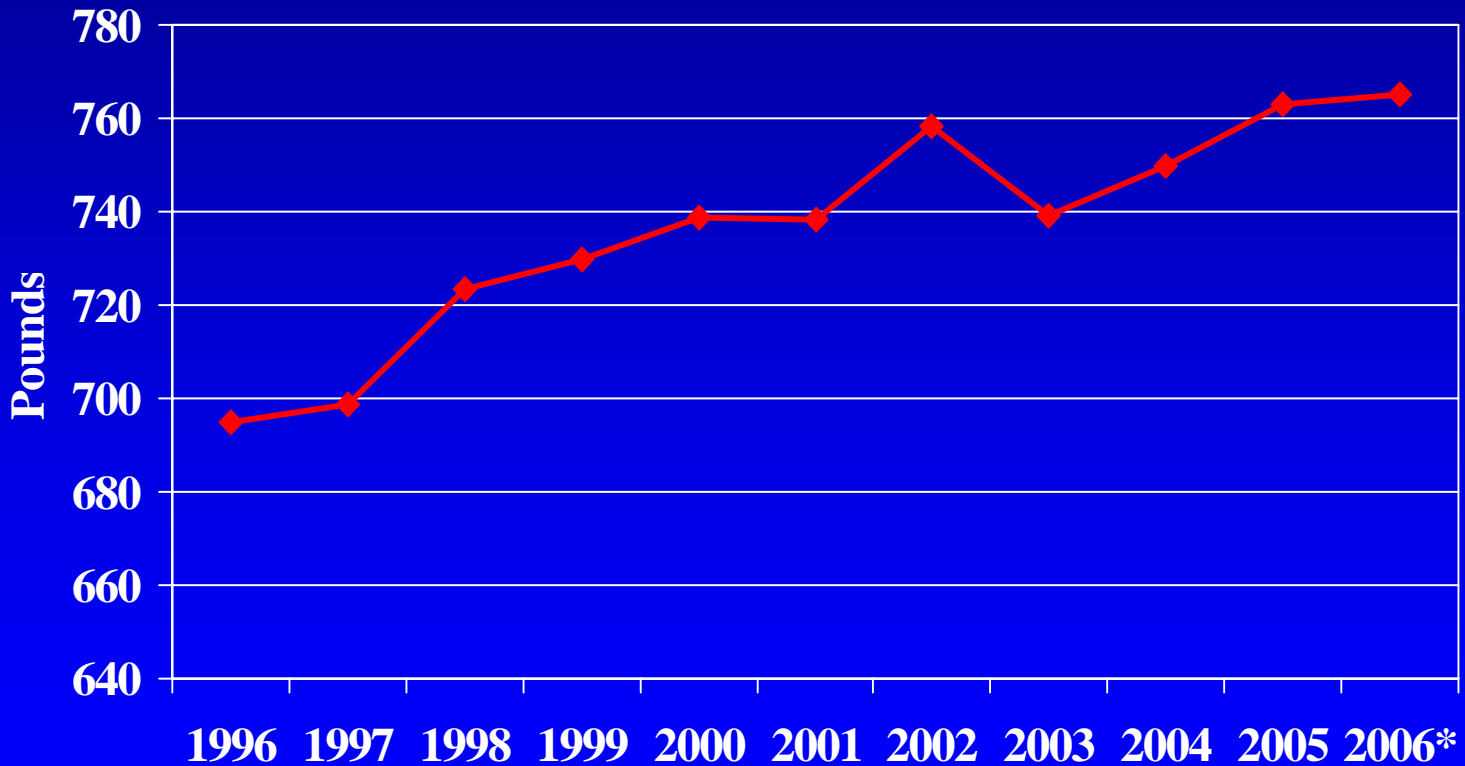
* Forecast

Cattle Imports Above 2 Million Head for First Time Since BSE Discoveries in 2003



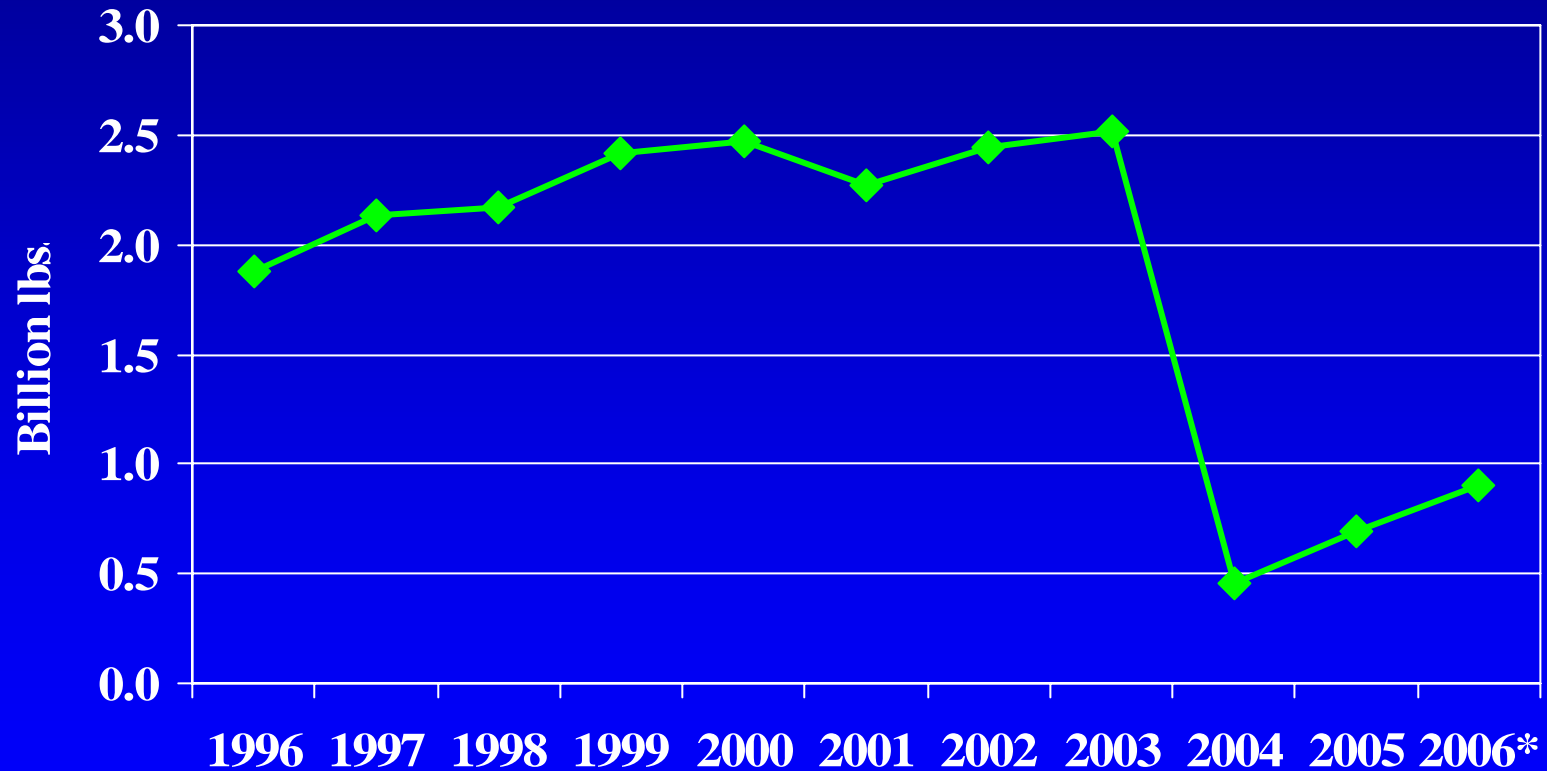
* Forecast

Average Cattle Carcass Weights Rise Less Sharply in 2006



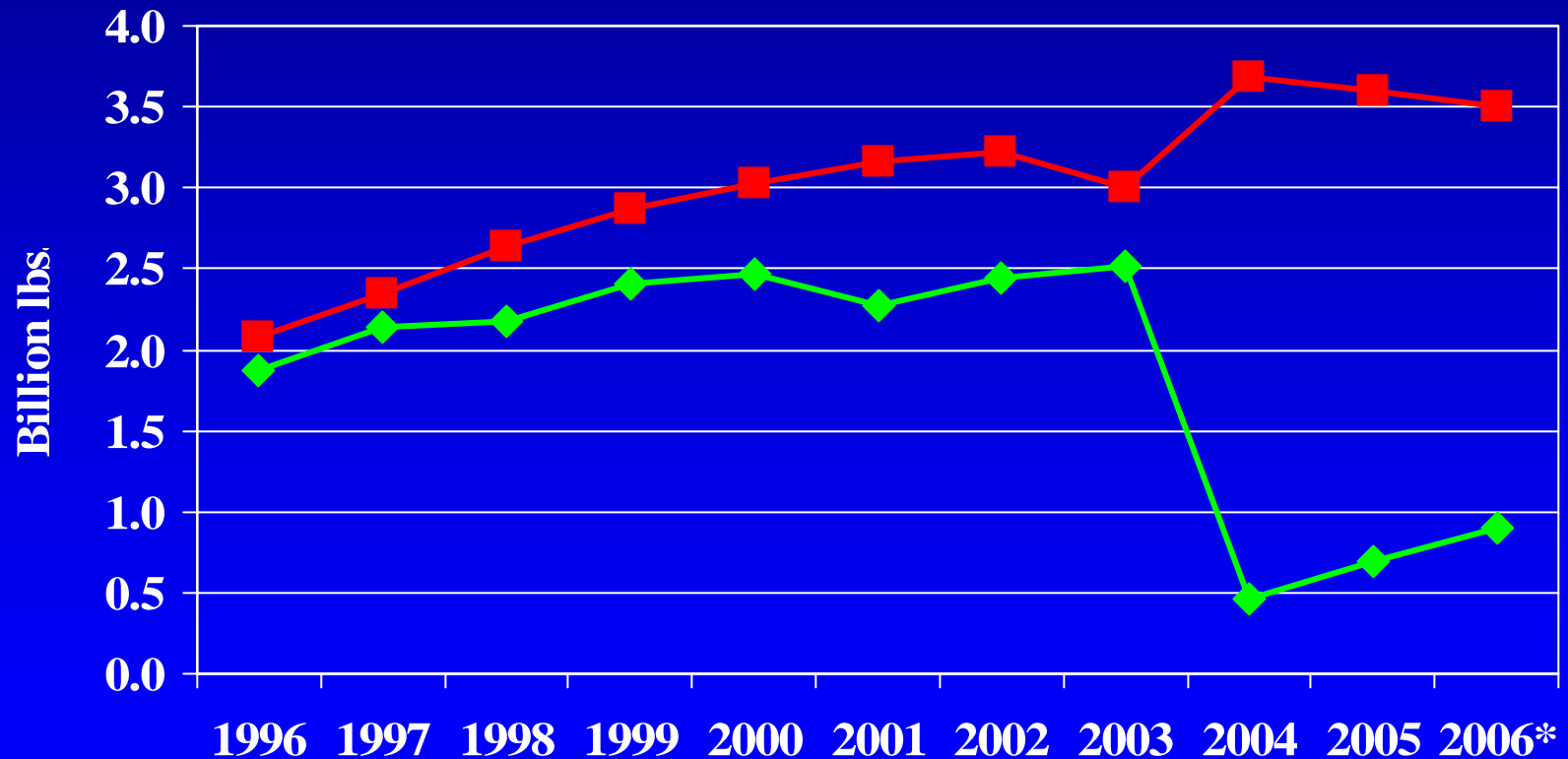
* Forecast

Beef Continues to Recover From BSE Bans, Exports at 905 Million Pounds



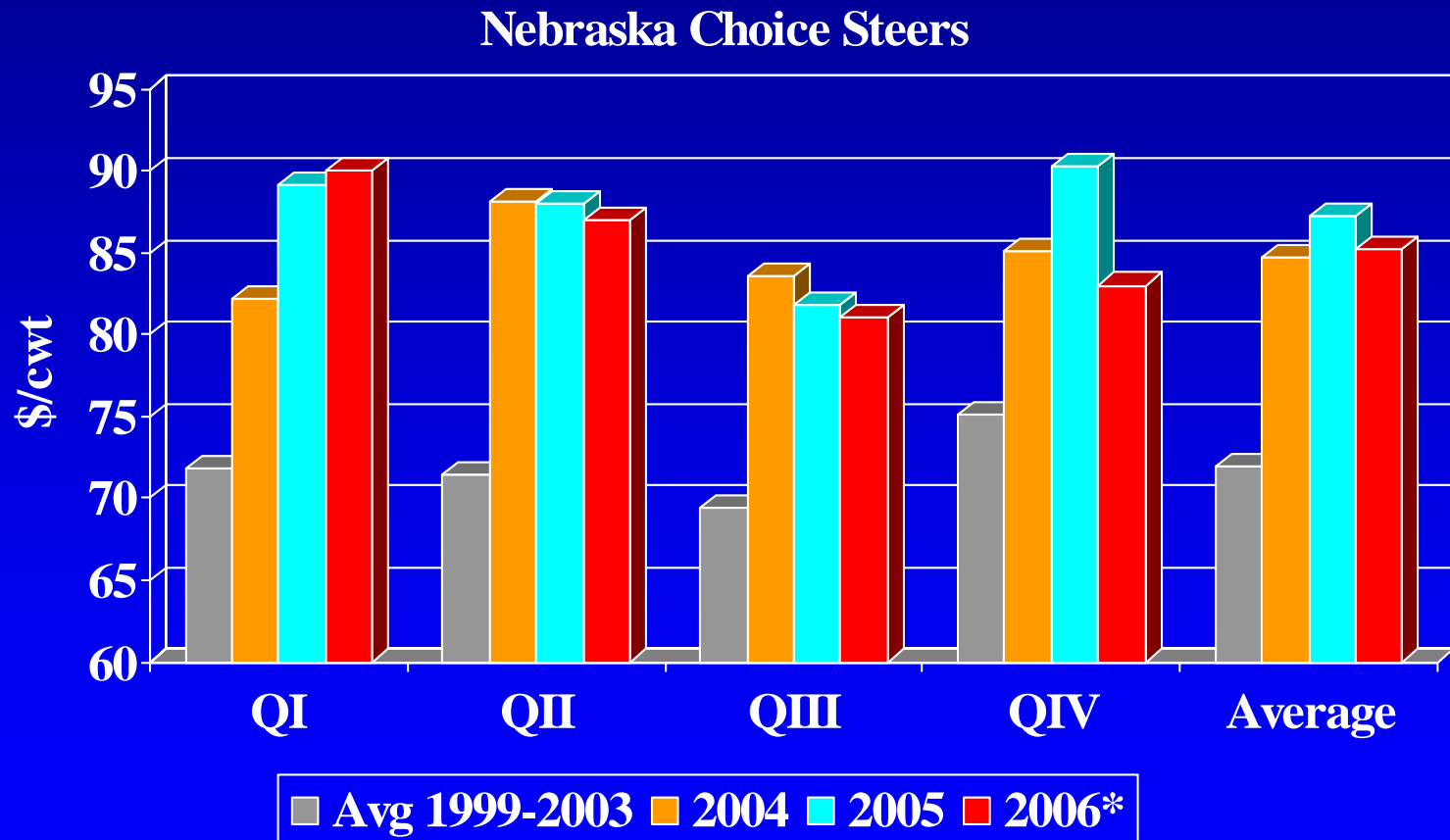
* Forecast

Beef Exports Recover, Beef Imports Decline to 3.5 Billion Pounds



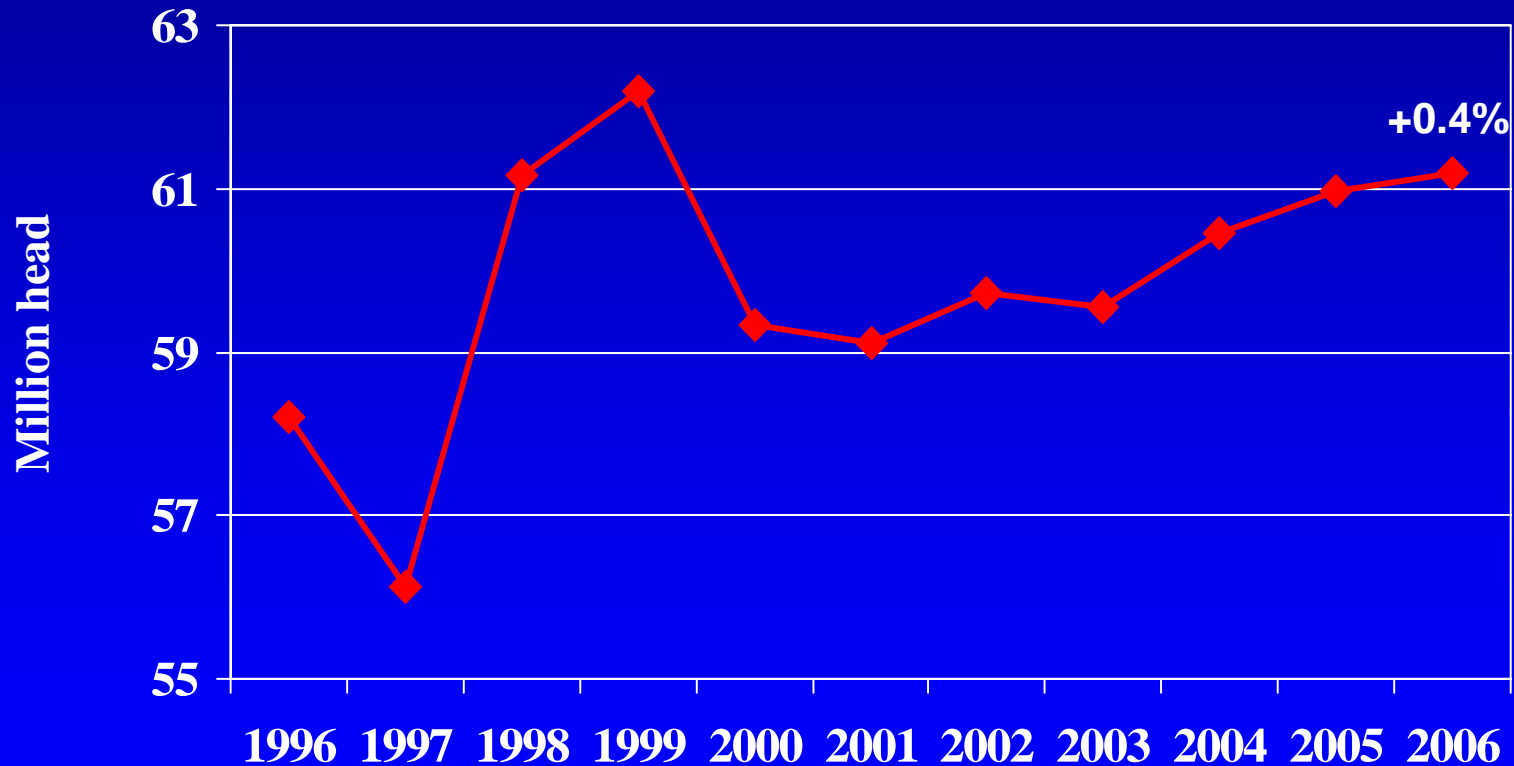
* Forecast

Cattle Prices to Average \$83-\$88/cwt, Lower Than 2005, About Even With 2004

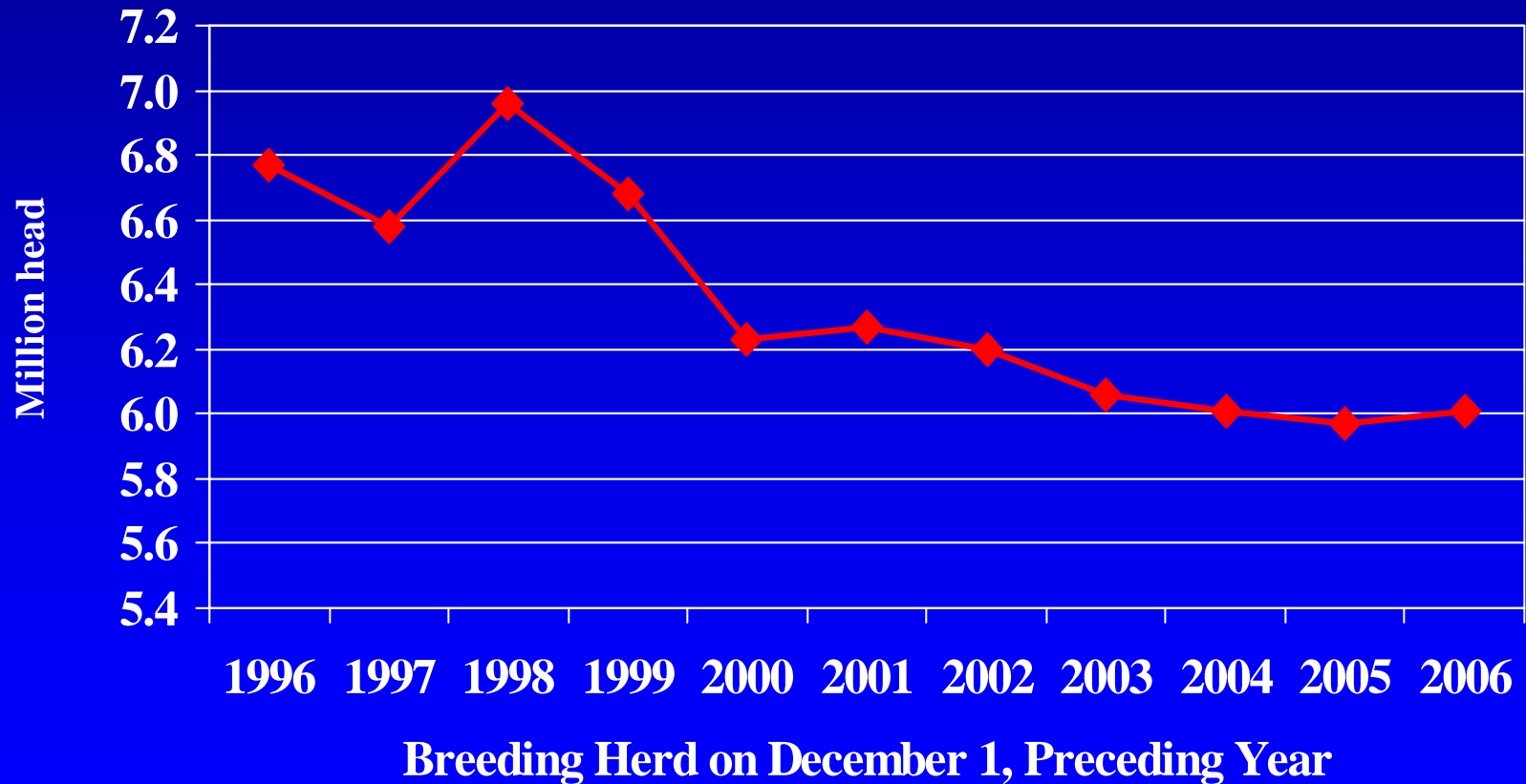


* Forecast

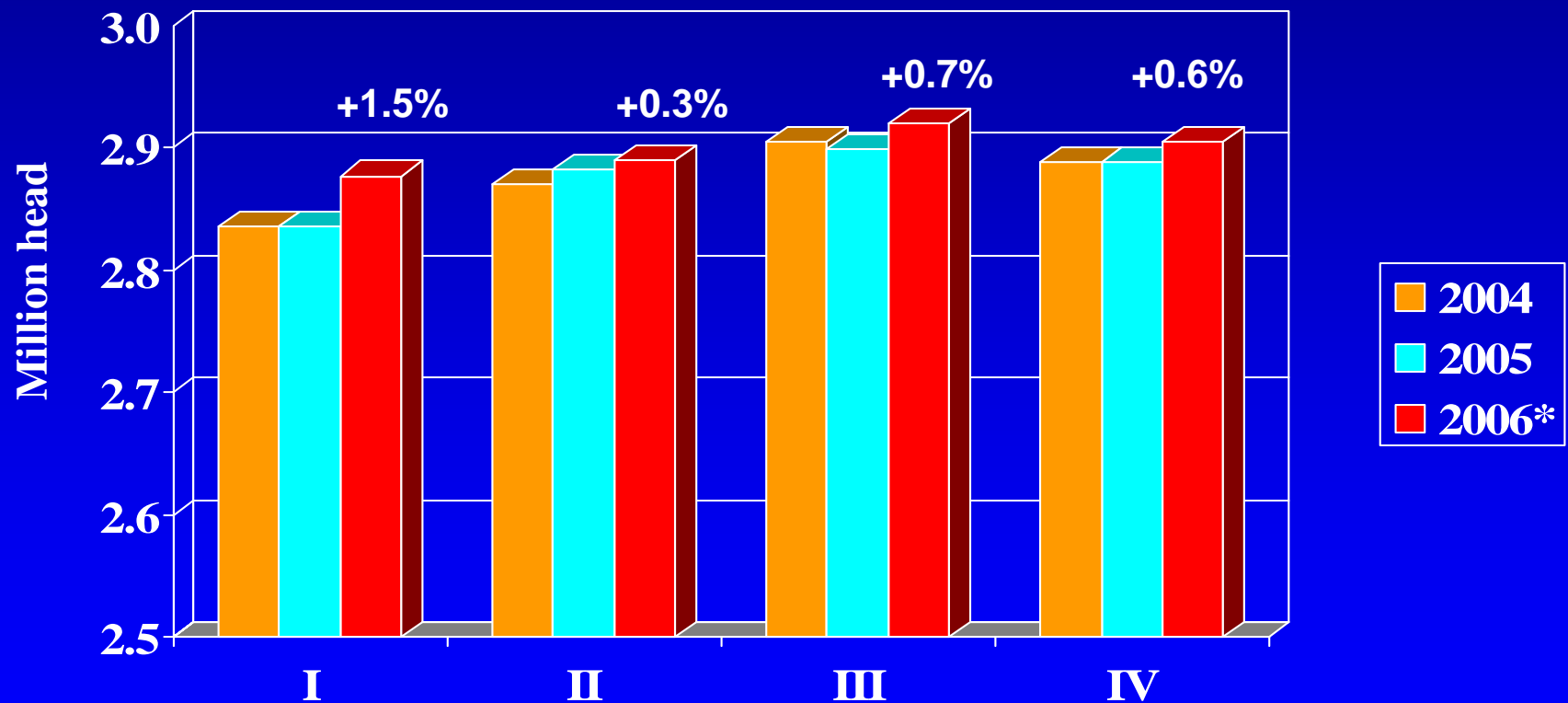
Hog Inventory on December 1 Modestly Higher At 61.2 Million Head



Breeding Herd Has Leveled Off Around 6 Million Head

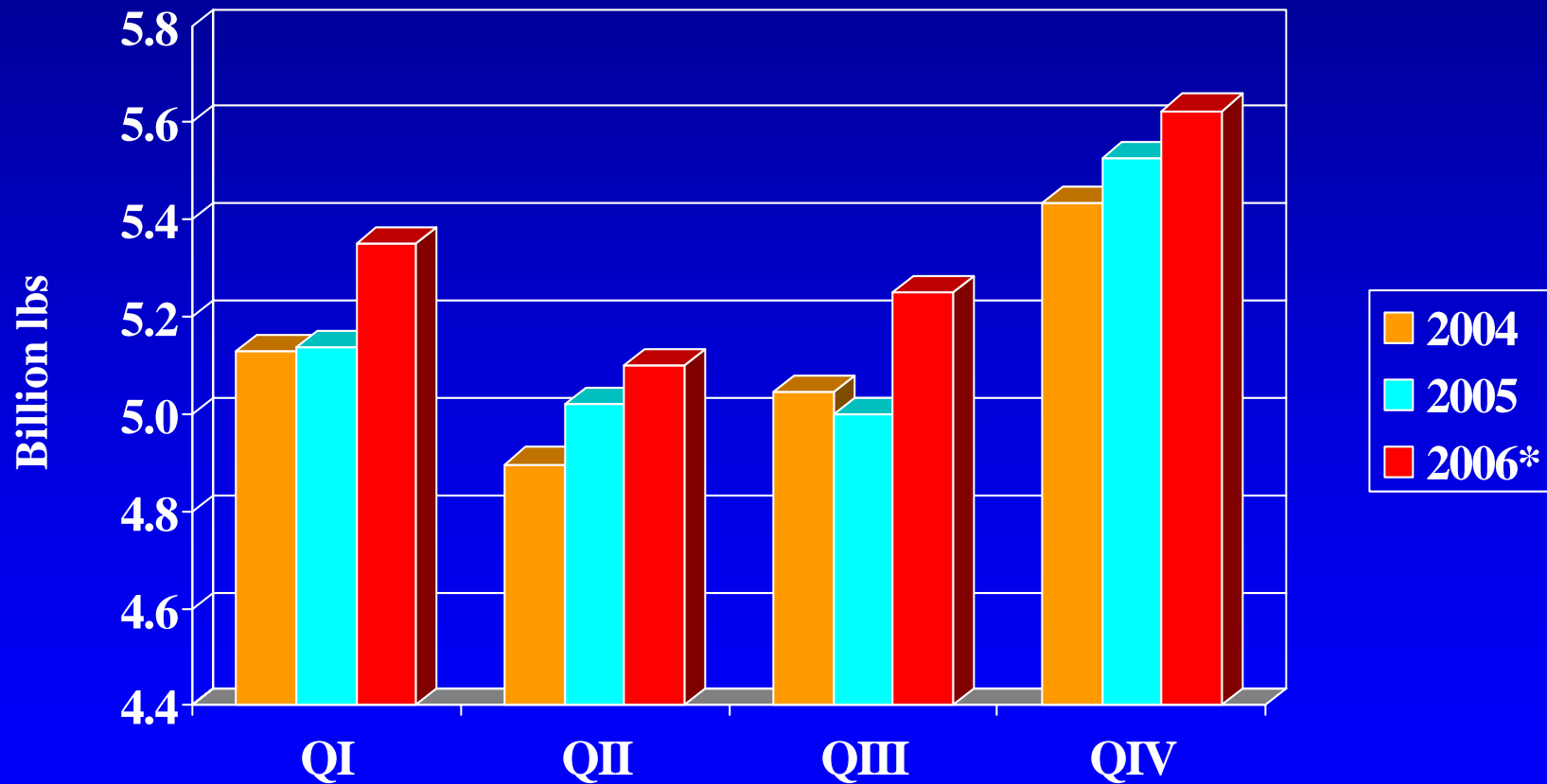


Sows Farrowing Expectations Still Rather Modest in 2006



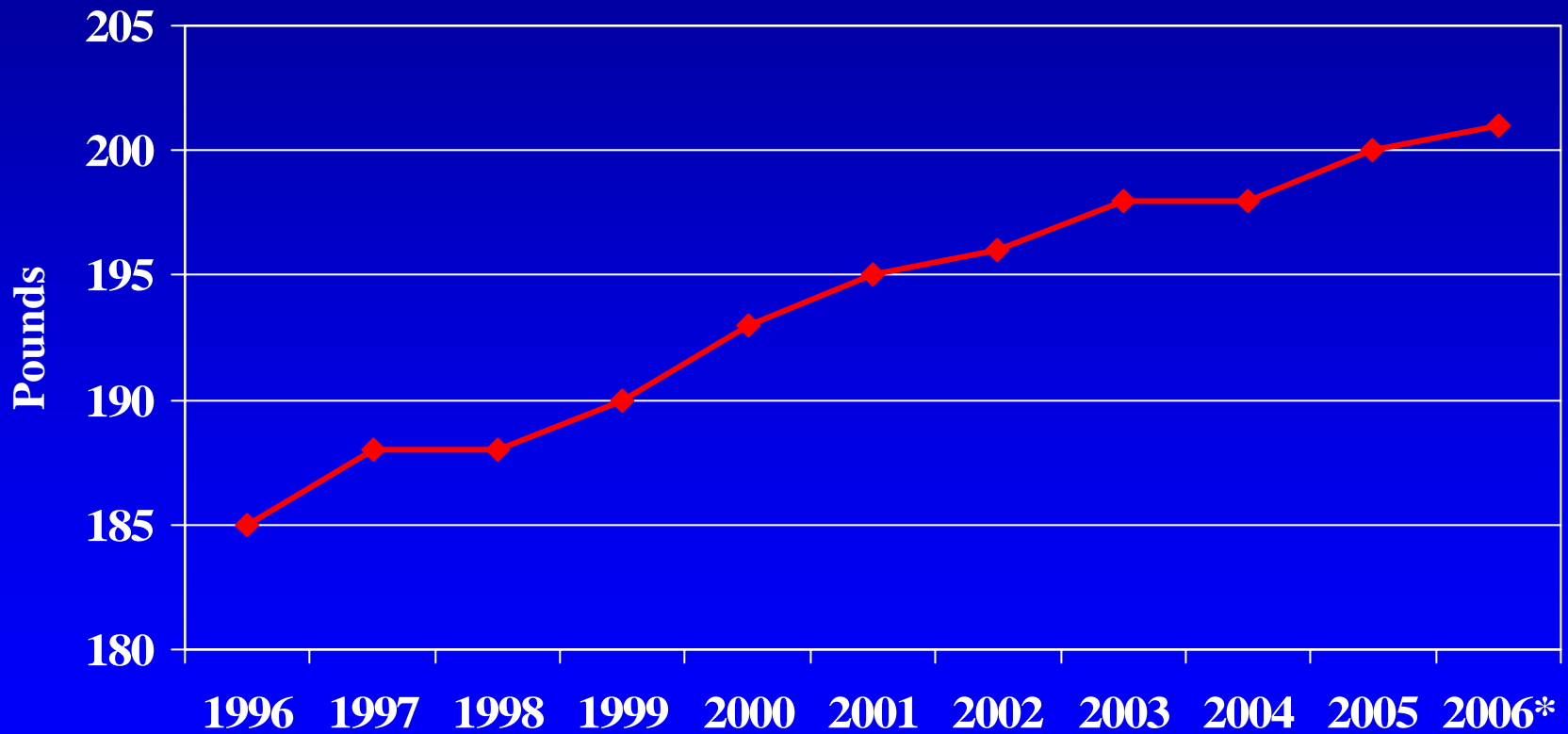
* First Half Reported Intentions,
Second Half Forecast

Pork Production to Rise to a Record 21.1 Billion Pounds



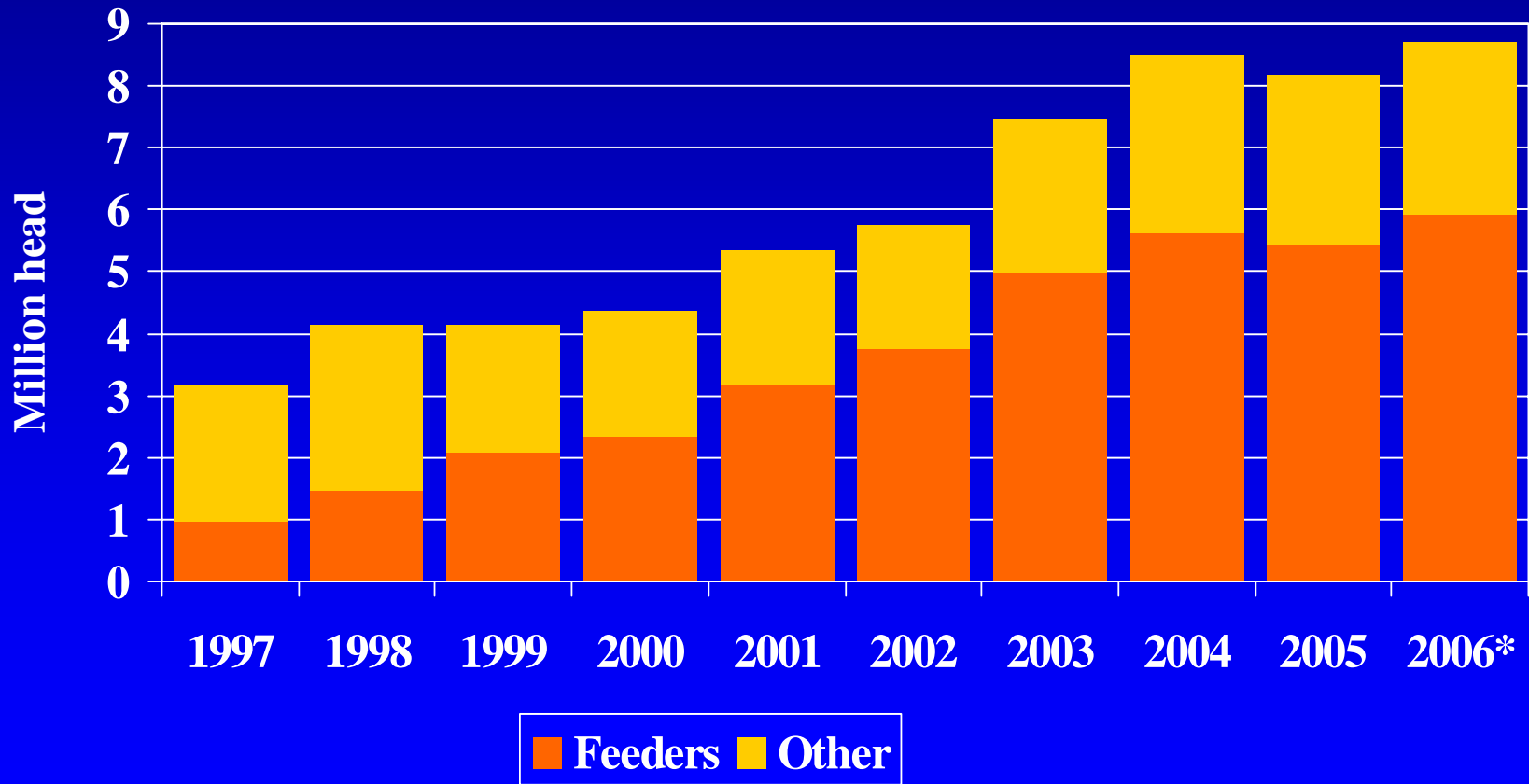
* Forecast

Hog Weights Continue Upward Trend



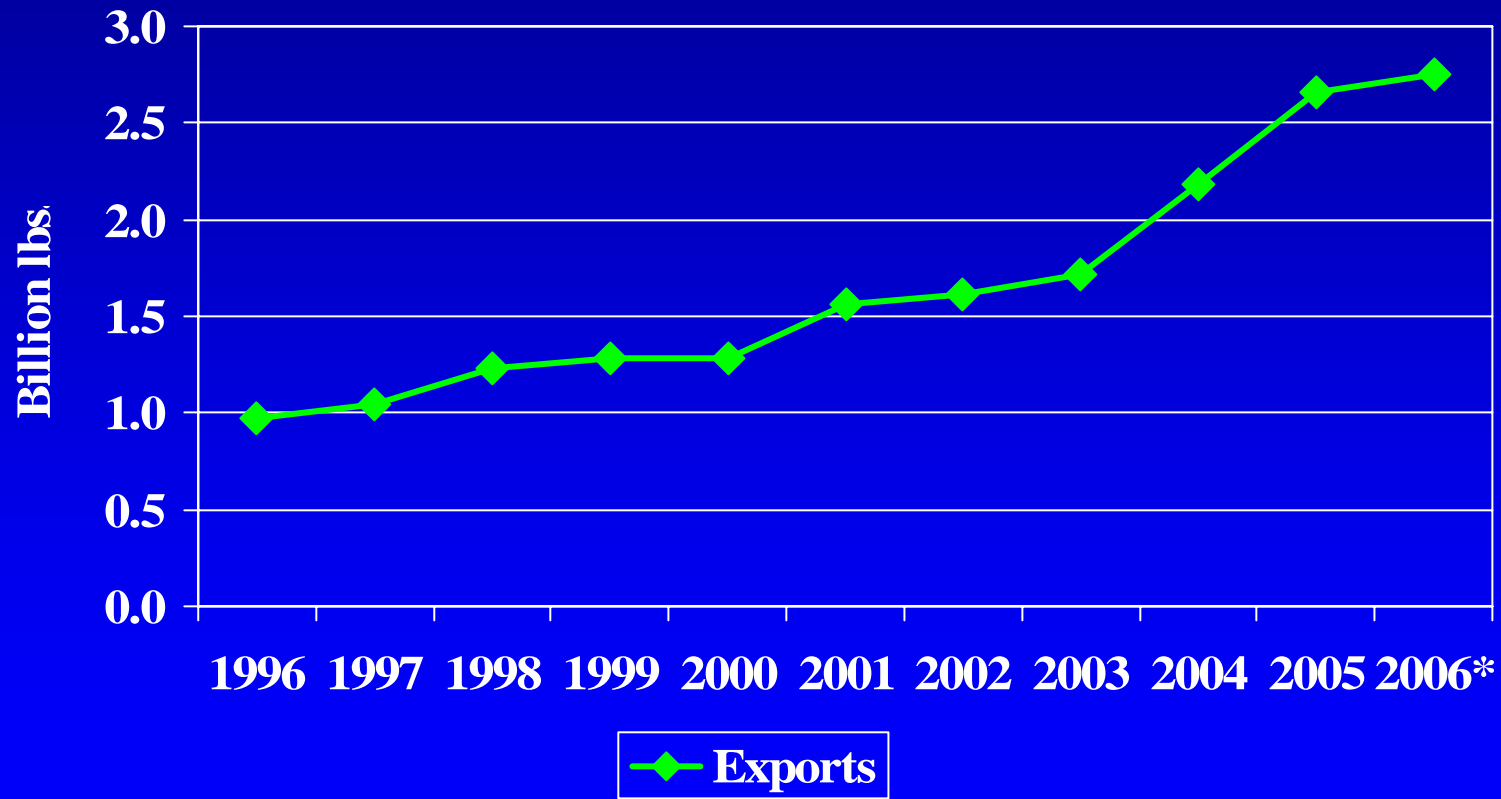
* Forecast

Hog Imports to Surpass 2004, Feeder Pig Share Expected to Increase



* Forecast

Pork Export Growth Expected to Slow, But Still Record 2.76 Billion Pounds



* Forecast

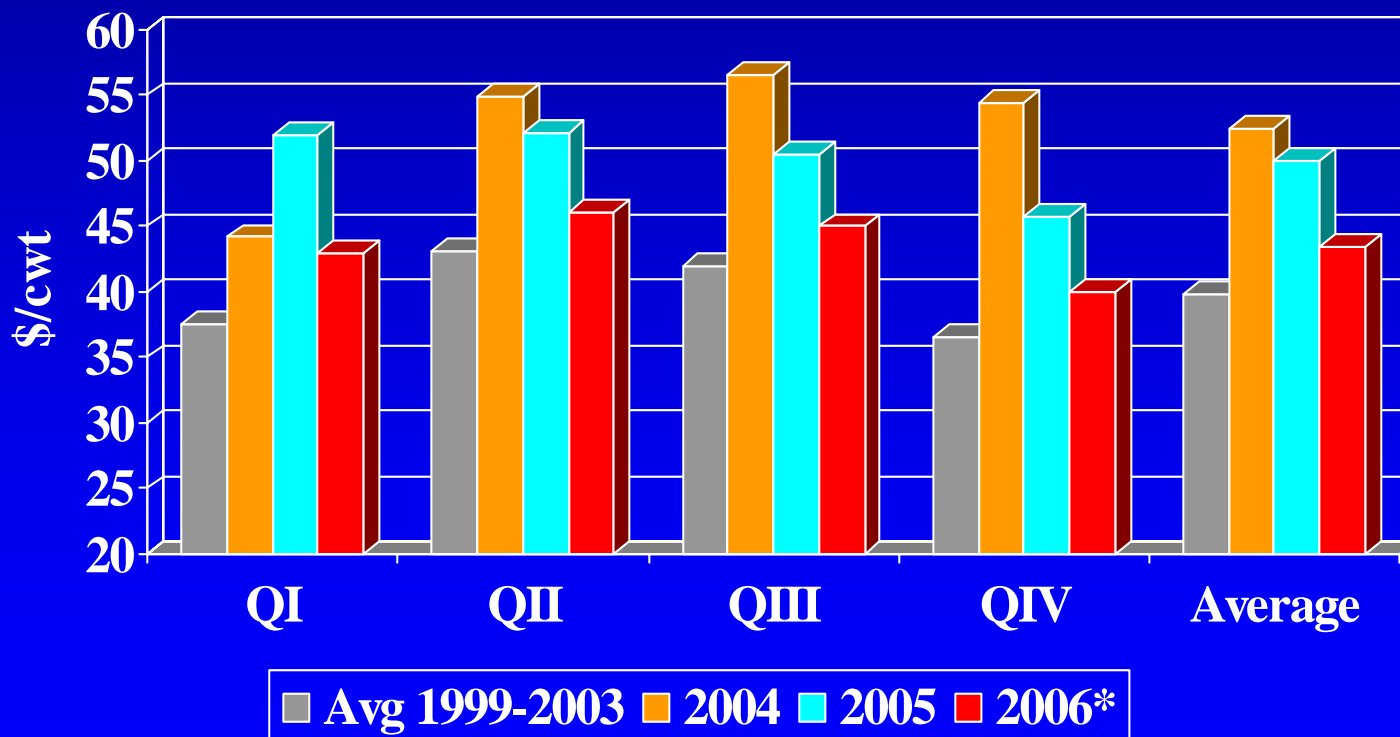
Strong Pork Exports, But Pork Imports Continue to Slow



* Forecast

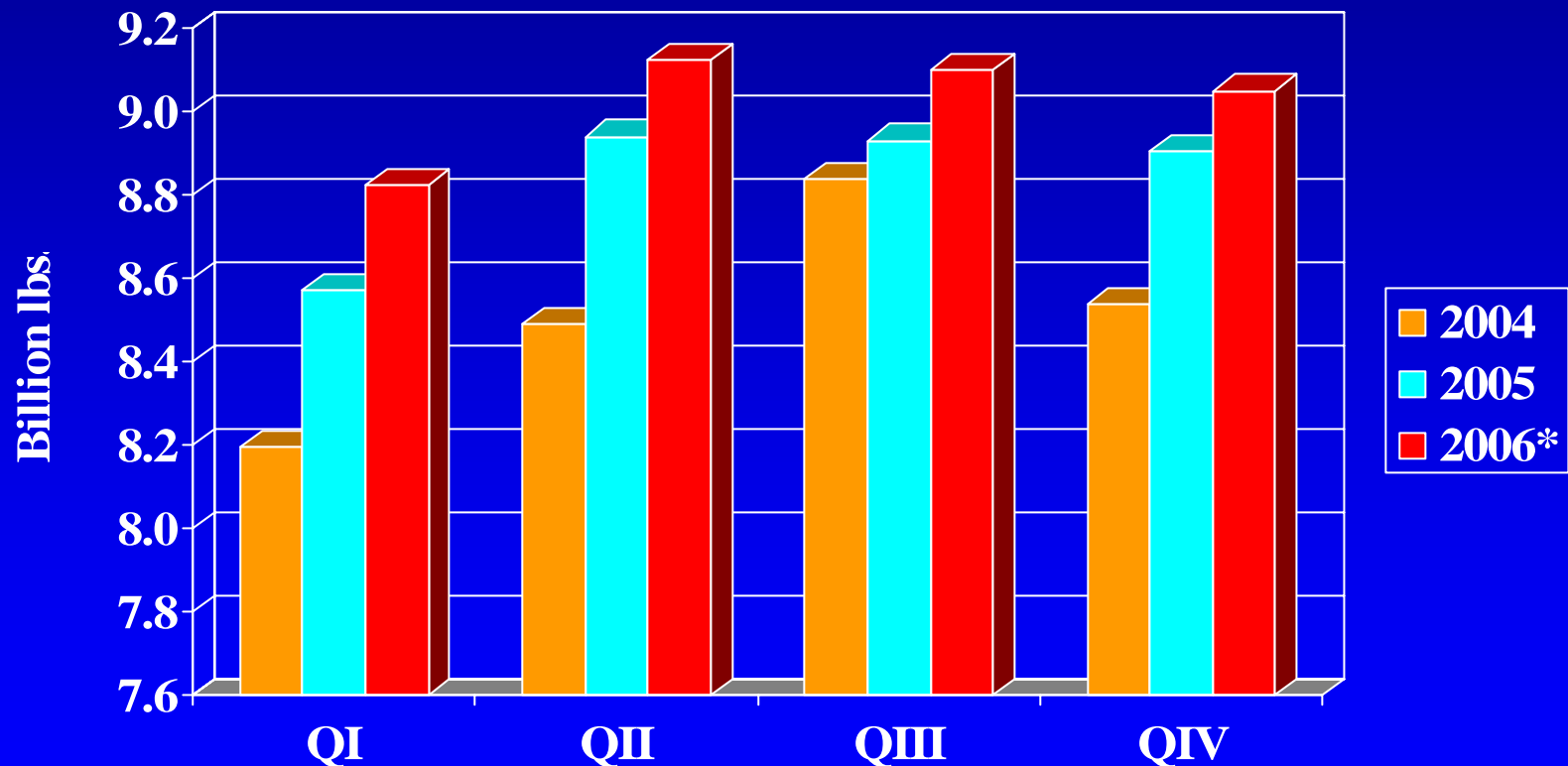
Hog Prices Drop Below Last Two Years to \$42-45/cwt, But Above Earlier Average

National Base, Live Equivalent



* Forecast

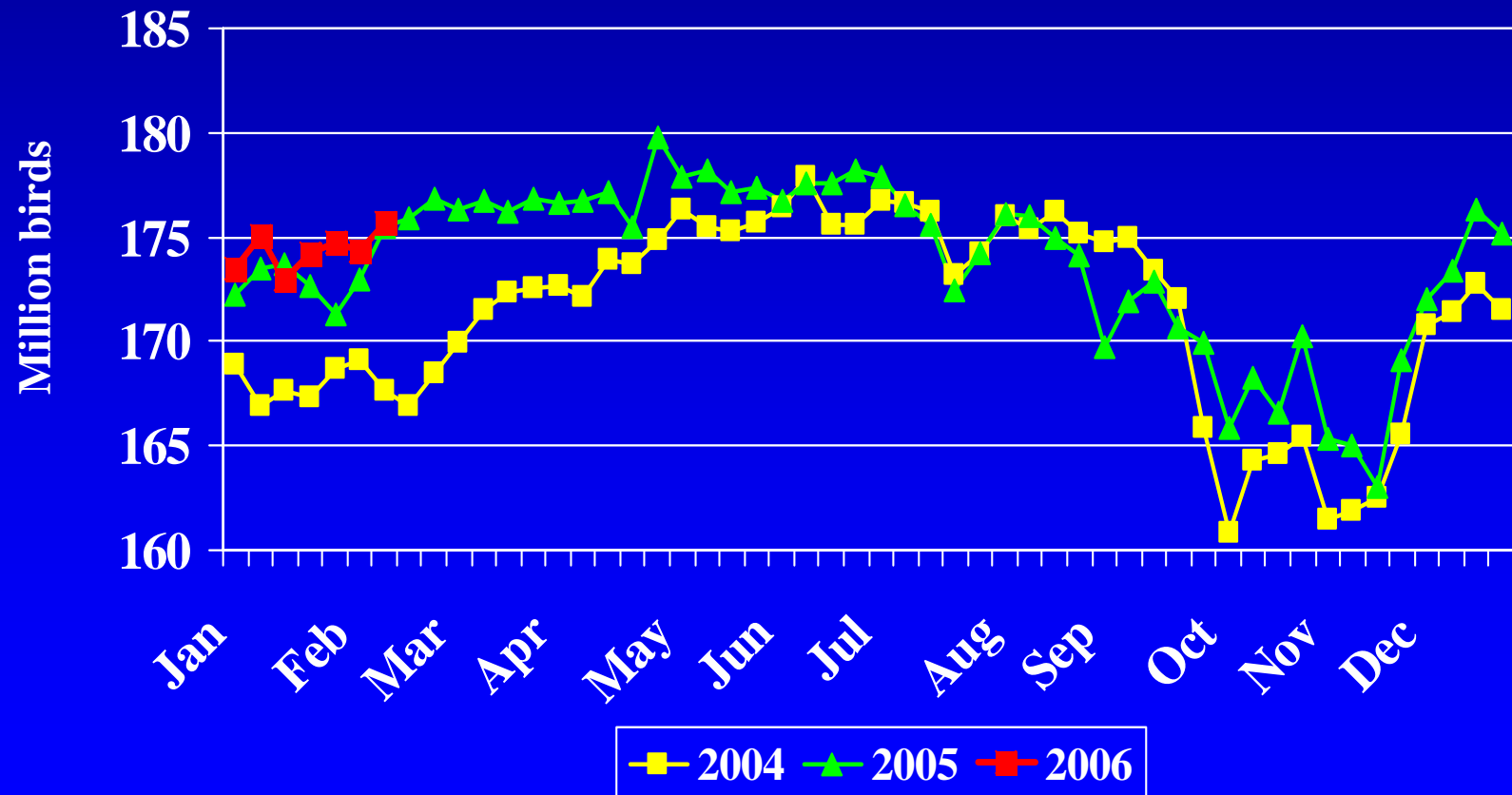
Broiler Output Up 2 Percent to 36.1 Billion Pounds



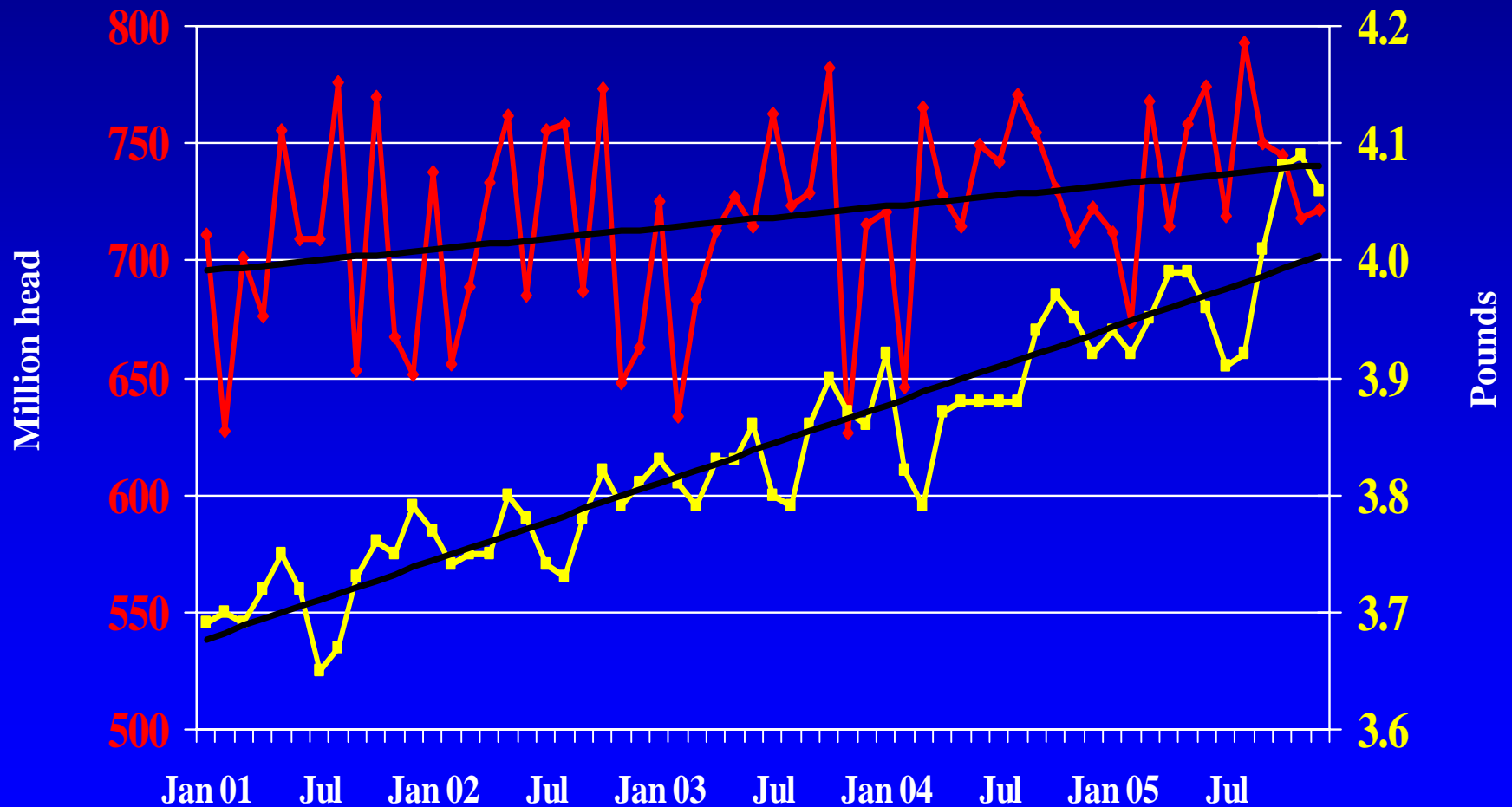
* Forecast

Chicks Placed For Grow Out Tracking With Last Year So Far

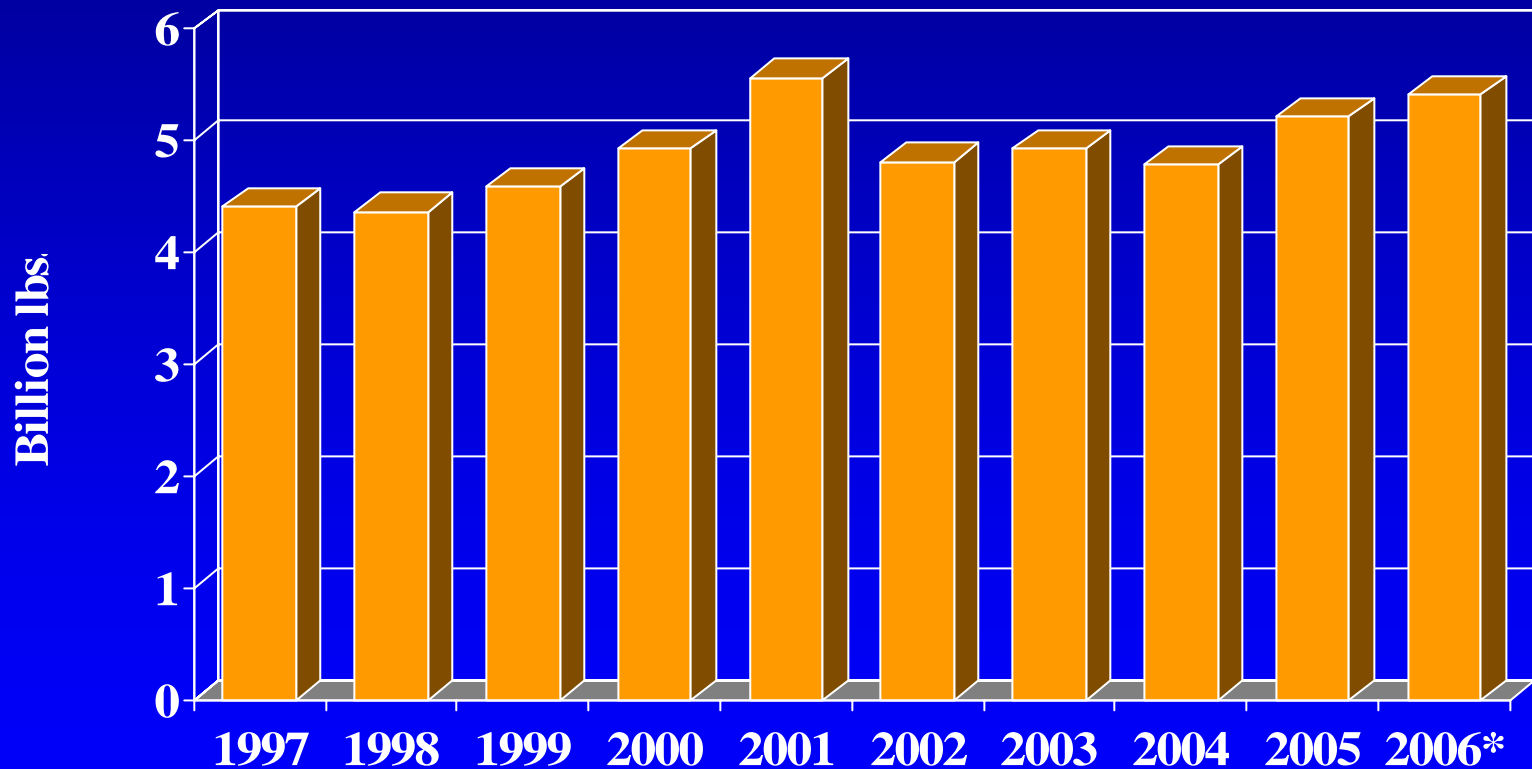
19 Selected States



RTC Meat Yield Per Bird Growing Faster than Number of Broilers Slaughtered

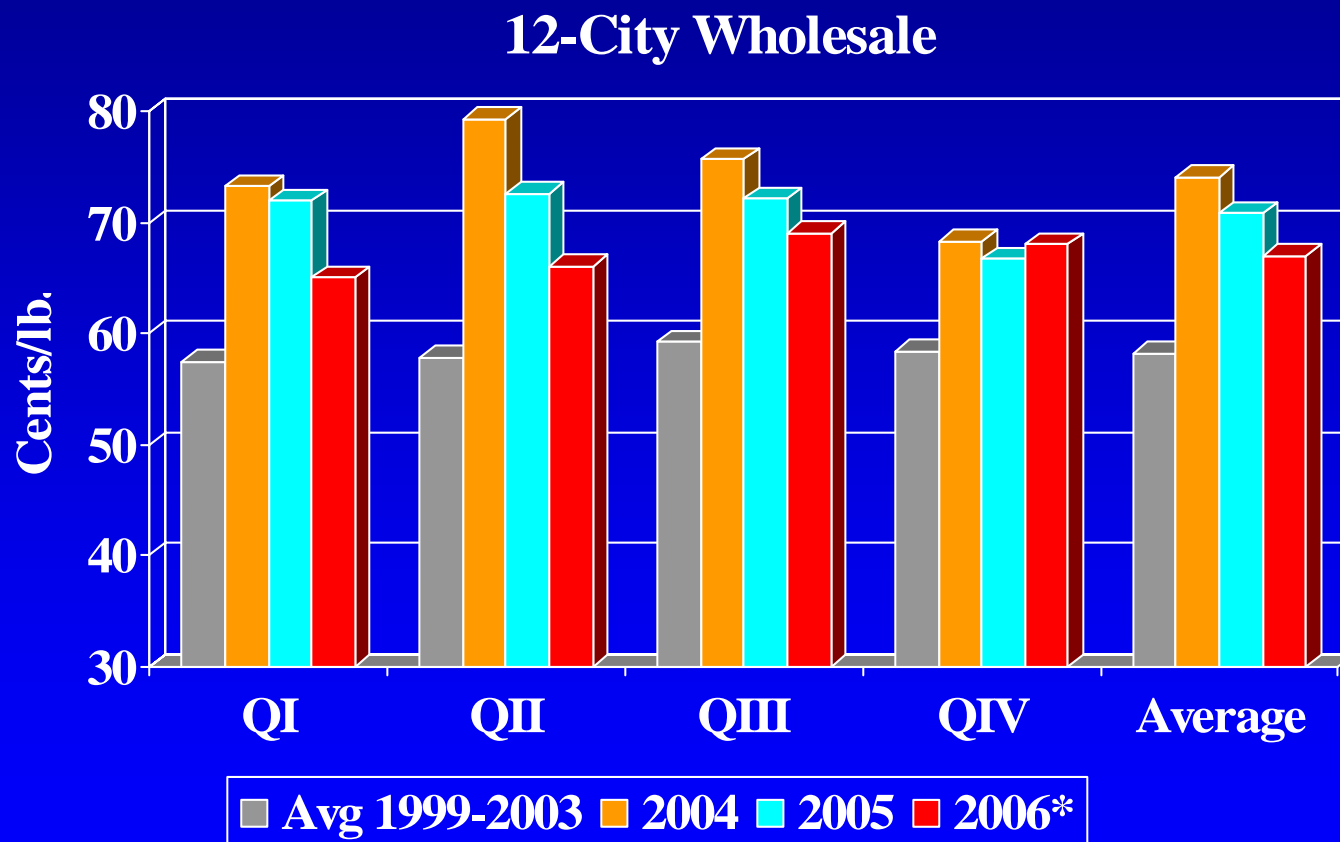


Broiler Exports Rise 3-4 Percent to 5.4 Billion Pounds



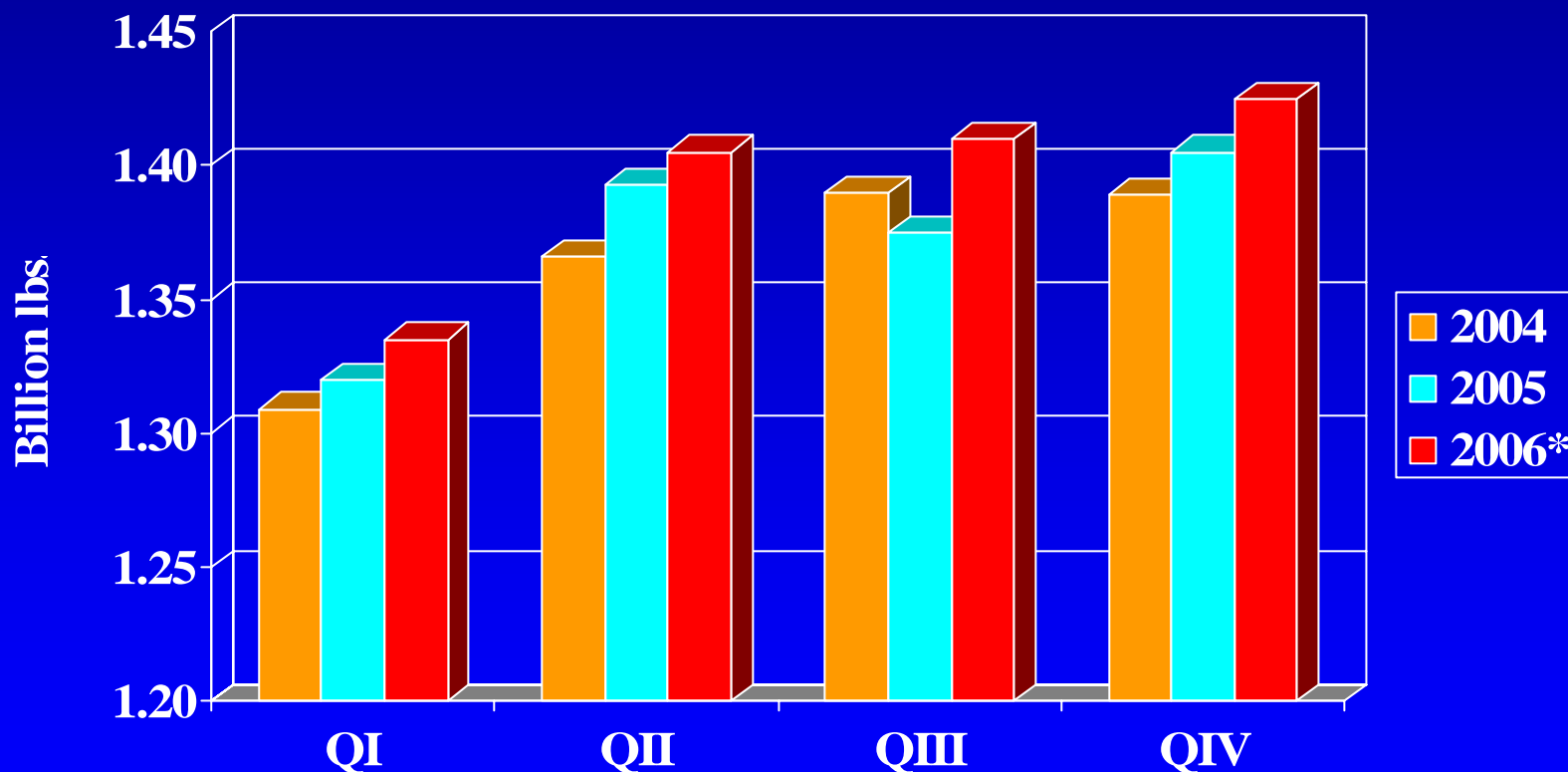
* Forecast

Broiler Prices Decline to 65-69 Cents Per Pound, Still Relatively High



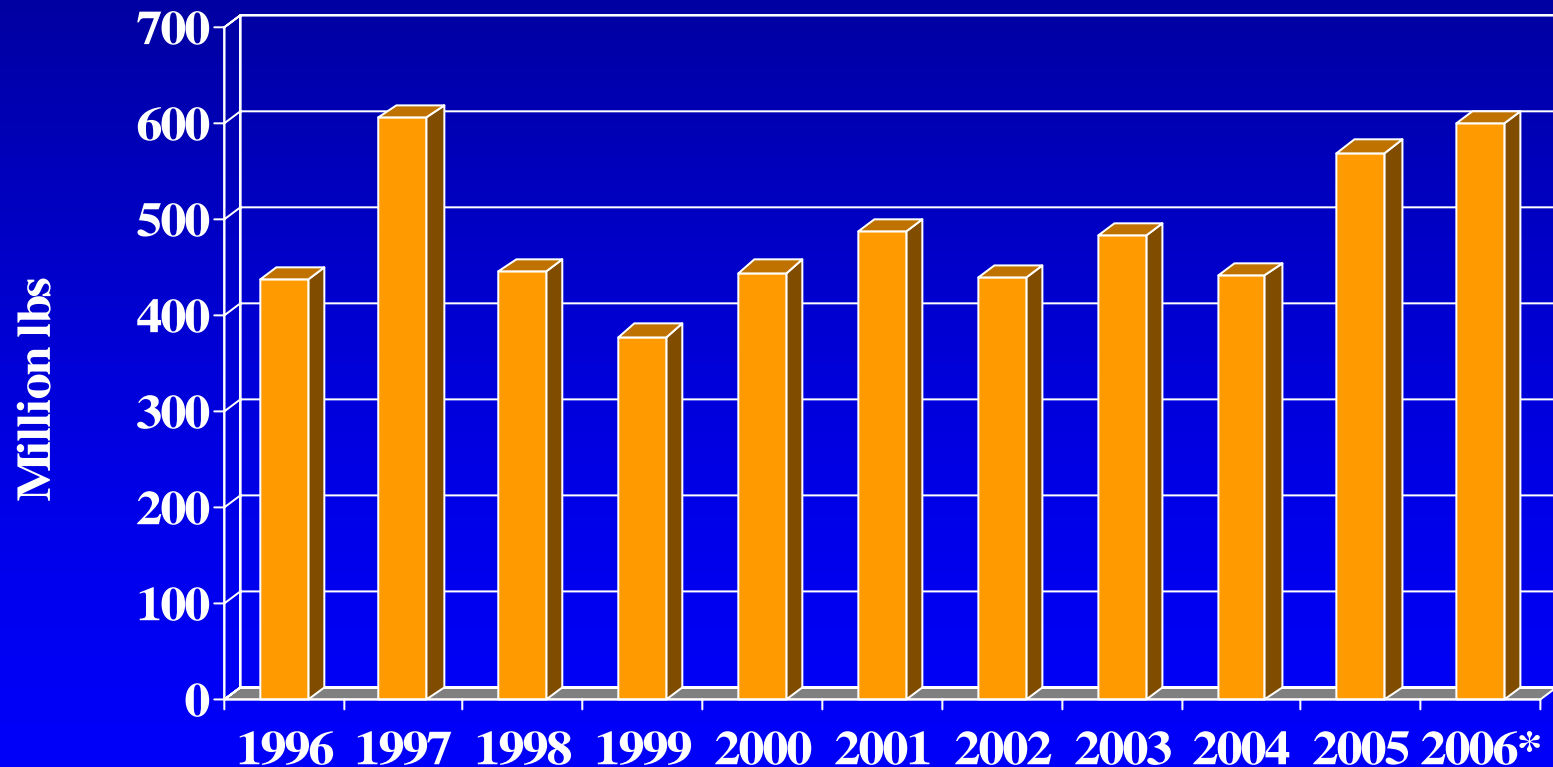
* Forecast

Turkey Production Rises Moderately, Up 1.5 Percent to Nearly 5.6 Billion Pounds



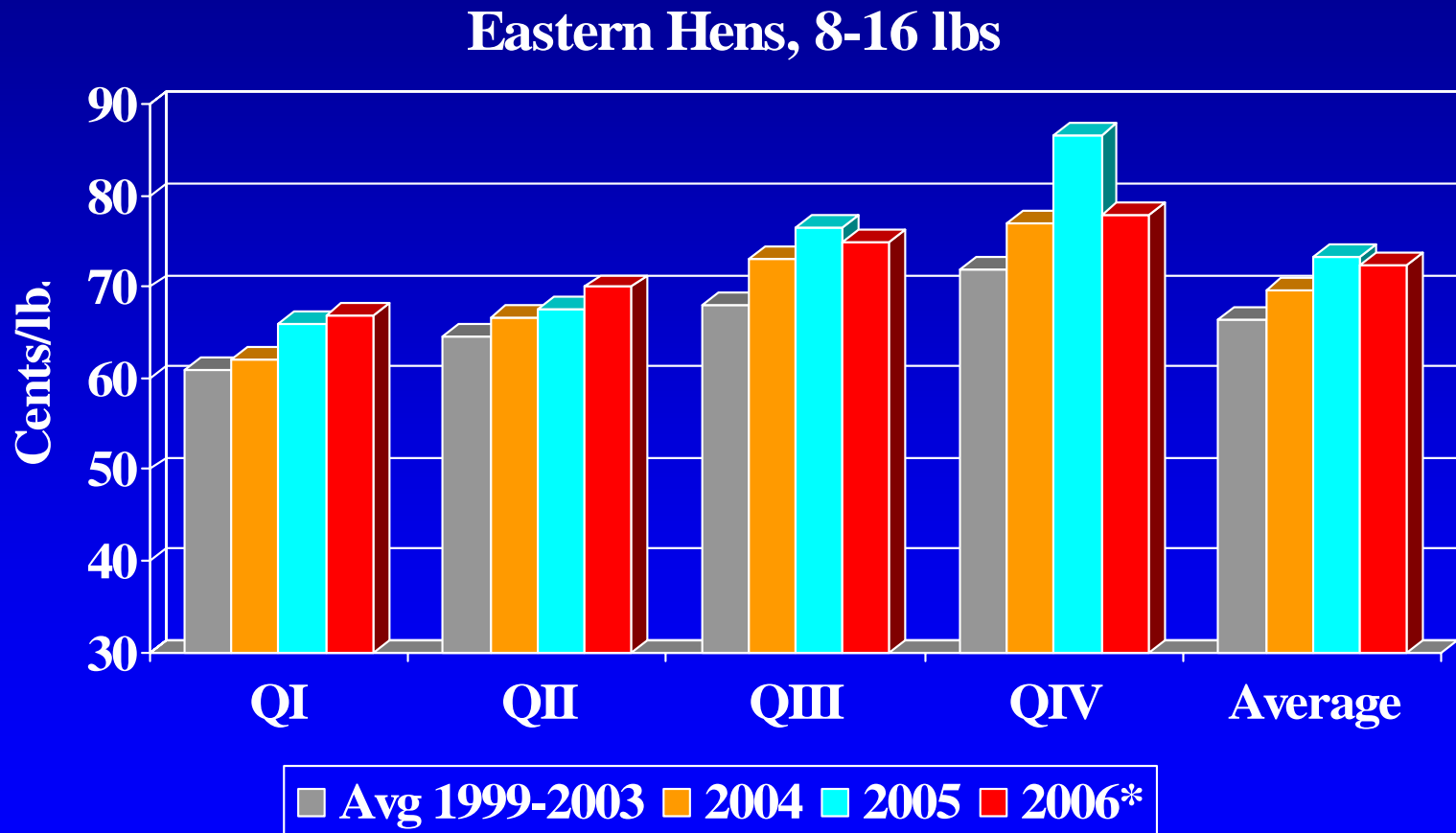
* Forecast

Turkey Exports Rise to Near Record 600 Million Pounds in 2006



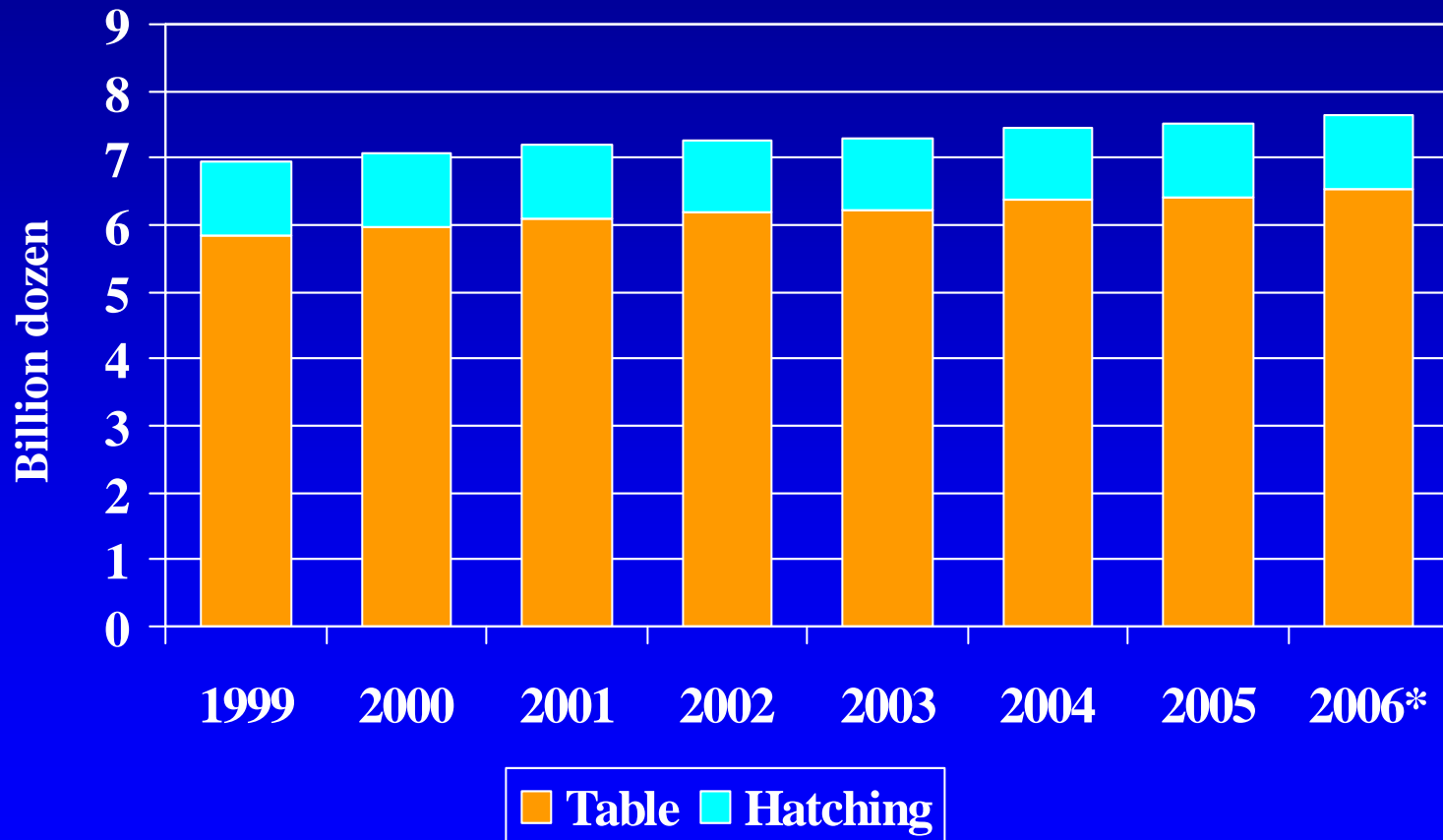
* Forecast

Turkey Prices Decline From Last Year's Record, to 70-75 Cents Per Pound



•Forecast

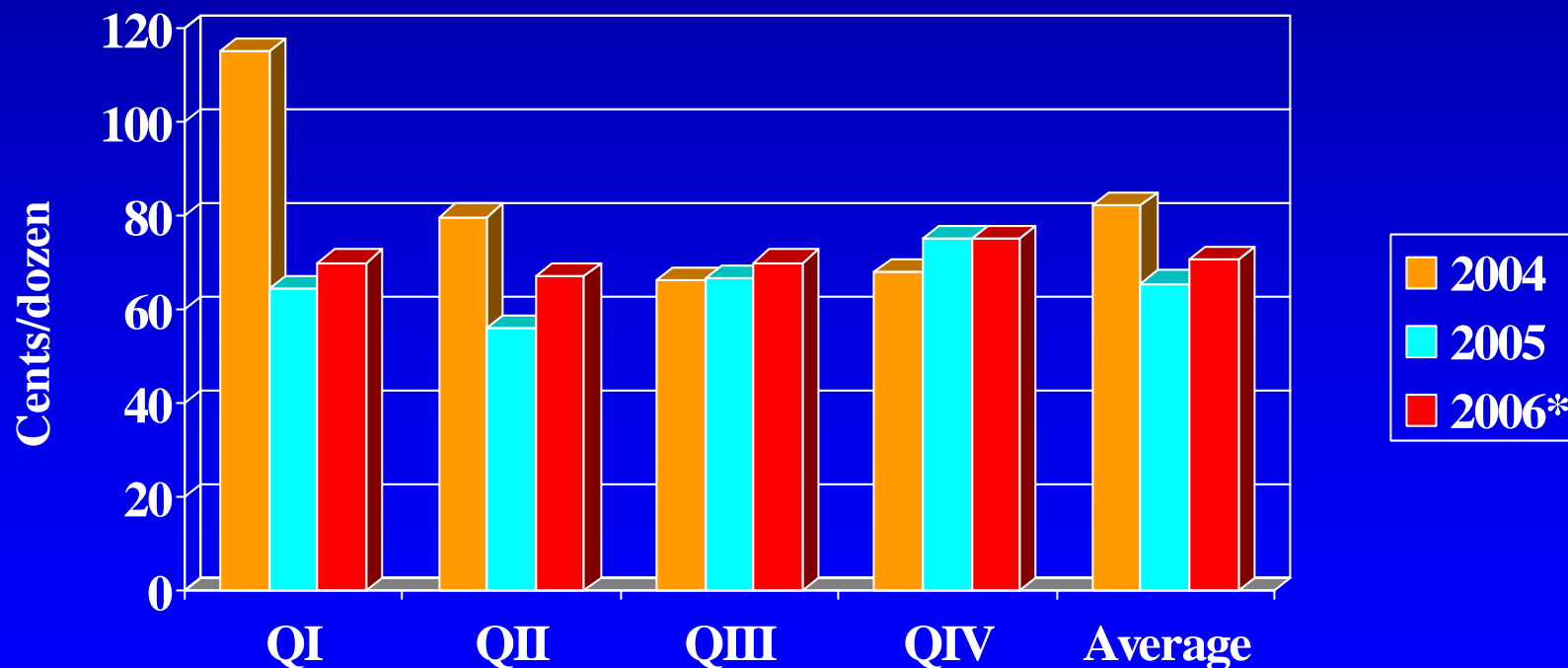
Egg Production Up About 2 Percent to 7.65 Billion Dozen



* Forecast

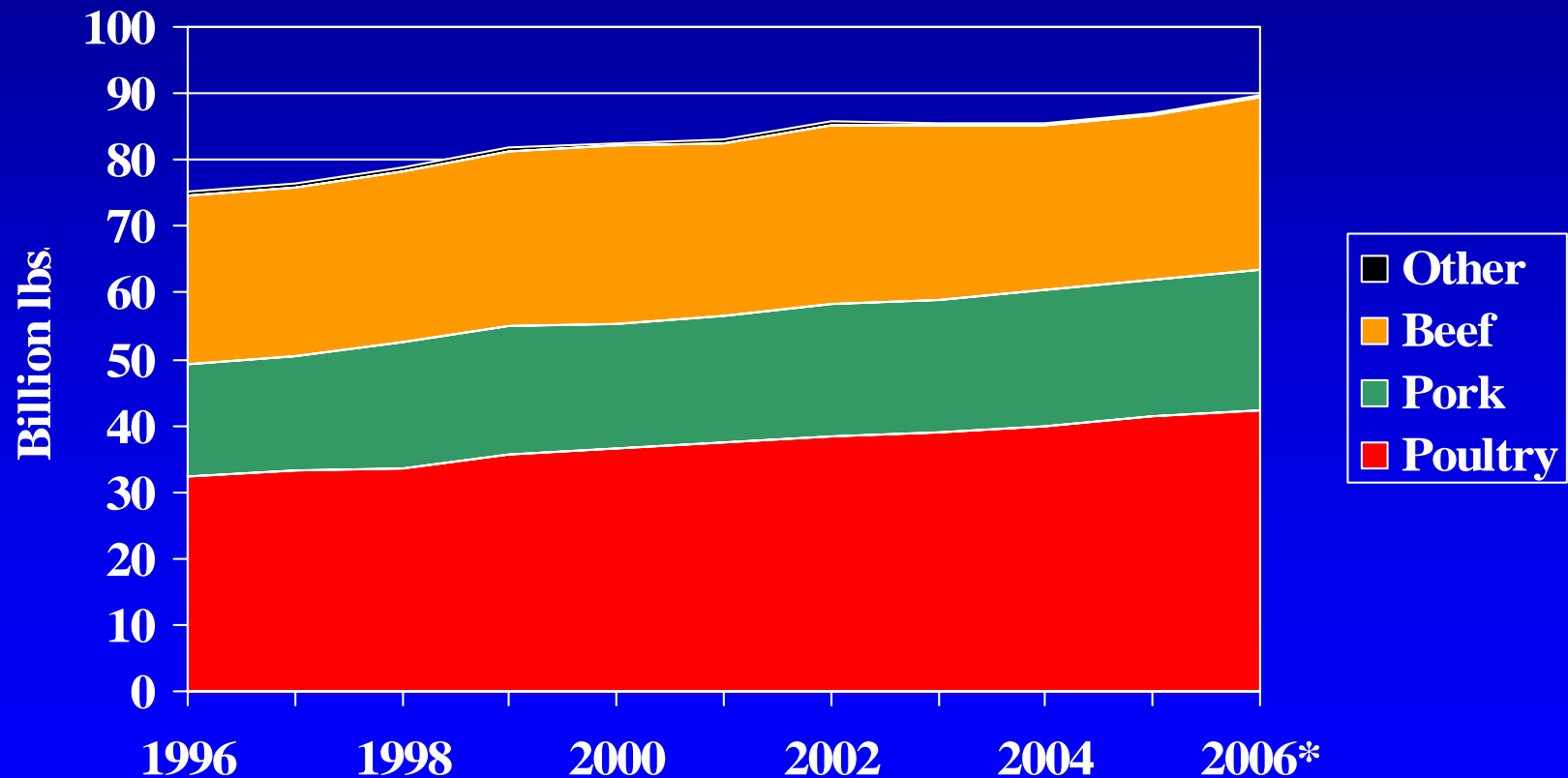
Egg Prices Recover in 2006 to About 68-73 Cents Per Dozen

Wholesale, Grade A, Large, NY



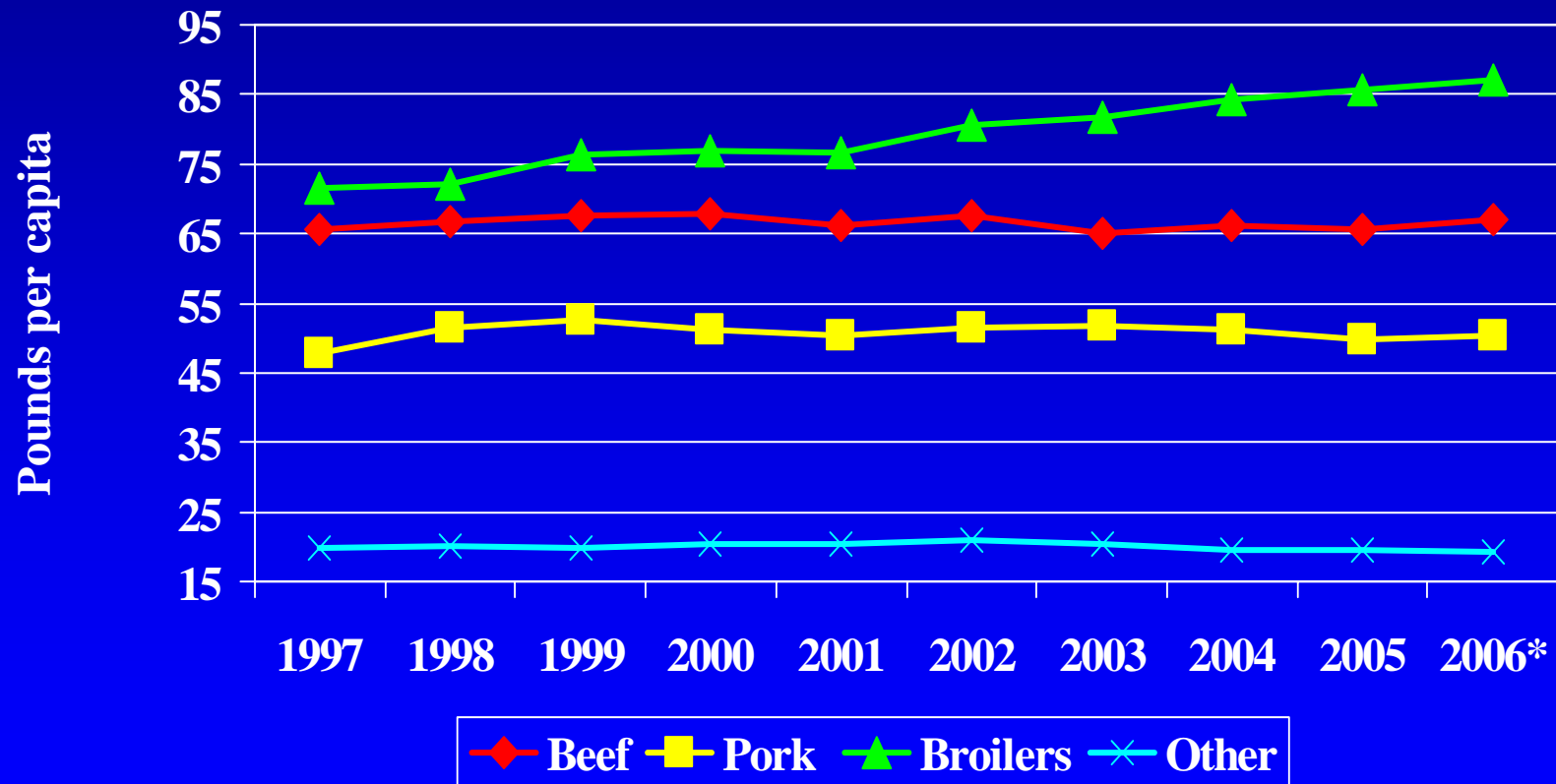
* Forecast

Total Red Meat and Poultry Production Reaches 90 Billion Pounds in 2006



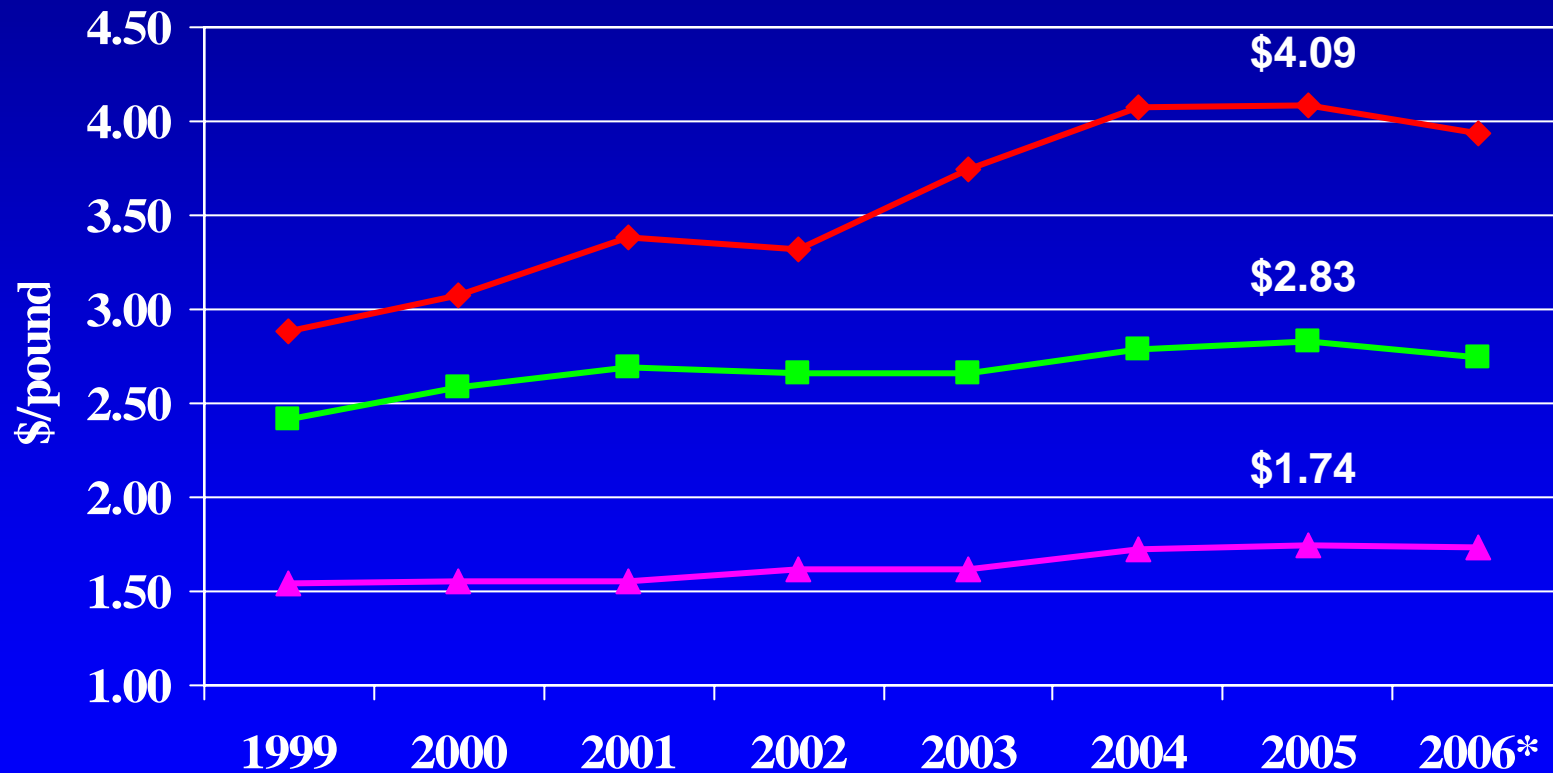
* Forecast

Per Capita Consumption of Total Meats Approaches 224 Pounds in 2006



* Forecast

Retail Meat Prices Decline From Last Year's Record Levels



* Forecast

Additional information about the 2006 outlook is available on the following websites:

- World Agricultural Supply and Demand Estimates
 - www.usda.gov/oce/commodity/wasde/index.htm
- Livestock, Dairy, and Poultry Situation and Outlook
 - www.ers.usda.gov/publications/ldp/
- Livestock and Poultry: World Markets and Trade
 - www.fas.usda.gov/dlp/dlp.html